

**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, 2016 to June 30, 2018



**FILED**  
03/22/2019



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Vickie J. Nice	07-01-16 to 06-30-19
Superintendent of Schools	Keith A. Nance	01-01-16 to 06-30-20
President of the School Board	Brian Farmer Forrest Joseph Walker, Jr.	07-01-16 to 12-31-17 01-01-18 to 12-31-19



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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, 2016 to June 30, 2018, 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 from 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 to 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, 2016 to June 30, 2018.

***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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 4, 2019, 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 solely 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 effectiveness of the School Corporation's 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

February 4, 2019



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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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 4, 2019, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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 2018-001.

**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

February 4, 2019

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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, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 2,310,027	\$ 5,108,433	\$ 5,732,764	\$ 371,365	\$ 2,057,061	\$ 5,495,305	\$ 5,182,224	\$ (19,238)	\$ 2,350,904
Debt Service	436,380	750,530	377,621	(443,882)	365,407	738,901	565,451	(16,850)	522,007
Retirement/Severance Bond Debt Service	138,971	228,895	226,725	-	141,141	225,718	226,280	-	140,579
Capital Projects	724,895	810,823	863,752	(206,826)	465,140	749,768	692,783	(205,167)	316,958
School Transportation	933,000	693,985	596,197	(500,000)	530,788	763,494	590,633	(300,000)	403,649
School Bus Replacement	61,335	174,968	171,260	1,200	66,243	163,457	210,056	-	19,644
Rainy Day	523,393	-	100,000	645,993	1,069,386	1,473	459,524	500,000	1,111,335
Post-Retirement/Severance Future Benefits	-	-	119,376	119,376	-	-	26,740	26,740	-
Construction	-	-	-	-	-	-	224,402	920,000	695,598
School Lunch	7,361	359,595	374,602	7,646	-	353,856	339,603	(6,452)	7,801
Textbook Rental	44,024	70,191	66,829	694	48,080	67,258	107,504	24,732	32,566
Educational License Plates	-	188	-	-	188	131	281	-	38
SAFE School Haven	-	-	17,508	-	(17,508)	30,000	12,492	-	-
Lilly Endowment Grant	-	30,000	6,571	-	23,429	-	20,430	-	2,999
IN Retired Teachers Foundation	-	484	484	-	-	-	-	-	-
Formative Assessment	7,648	7,962	15,610	-	-	8,556	780	-	7,776
High Ability 2015-2016	2,519	-	2,519	-	-	-	-	-	-
High Ability 2016-2017	-	28,147	27,141	-	1,006	-	1,006	-	-
High Ability 2017-2018	-	-	-	-	-	28,195	25,215	-	2,980
Medicaid Reimbursement	6,147	-	1,264	-	4,883	5	1,810	-	3,078
Secured Schools Safety Grant	(12,964)	7,357	12,926	7,357	(11,176)	5,470	46,955	5,707	(46,954)
Scholarships and Awards	50	13,919	13,969	-	-	18,344	18,344	-	-
School Technology	2,154	6,308	3,480	-	4,982	7,770	3,480	-	9,272
Career and Technical Performance Grant	-	4,463	-	-	4,463	5,395	9,587	-	271
Donation	1,250	1,000	2,000	-	250	2,276	1,527	-	999
WWCF Mahuron Grant	-	616	447	-	169	-	169	-	-
Lowe's Grant	-	4,935	-	-	4,935	-	4,935	-	-
Washington County Community	-	-	-	-	-	3,500	2,589	-	911
Mahuron Education Grants	-	-	-	-	-	299	-	-	299
Mahuron Education Grant	-	-	-	-	-	251	251	-	-
Mahuron Education Grant	-	-	-	-	-	350	350	-	-
Digital Learning Grant	(5,639)	54,765	69,280	-	(20,154)	20,154	-	-	-
Fuel Up To Play 60 Grant	3,285	-	3,211	-	74	-	-	-	74
Wash. Co. Substance Abuse Grant	3,000	4,000	7,000	-	-	3,000	3,000	-	-
Title I 2015-2016	(32,478)	43,893	11,415	-	-	-	-	-	-
Title I 2016-2017	-	231,040	248,774	-	(17,734)	44,858	27,124	-	-
Title I 2017-2018	-	-	-	-	-	184,167	199,513	-	(15,346)
Special Ed Grant	-	-	-	-	-	95,158	120,744	-	(25,586)
Medicaid Reimbursement - Federal	7,435	-	2,723	-	4,712	9	2,311	-	2,410
Title II 2015-2016	(4,878)	4,510	(368)	-	-	-	-	-	-
Title II 2016-2017	-	51,968	51,968	-	-	-	-	-	-
Title II 2017-2018	-	-	-	-	-	50,969	50,969	-	-
Rural & Low Income 2015-2016	(1,700)	14,154	12,454	-	-	-	-	-	-
Rural & Low Income 2016-2017	(9,224)	15,075	7,300	-	(1,449)	2,000	551	-	-
R & LI 2017-2018	-	-	500	-	(500)	11,654	14,994	-	(3,840)
Petty Cash	100	-	-	-	100	-	-	-	100
Prepaid Lunch	3,869	89,120	82,551	-	10,438	52,498	63,794	-	(858)
Payroll Withholdings	112,409	1,388,758	1,412,086	-	89,081	1,289,785	1,320,314	-	58,552
Totals	\$ 5,262,369	\$ 10,200,082	\$ 10,641,939	\$ 2,923	\$ 4,823,435	\$ 10,424,024	\$ 10,578,715	\$ 929,472	\$ 5,598,216

The notes to the financial statement are 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, the following: 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.* Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

WEST WASHINGTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed 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:

*Proceeds of long-term debt.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

WEST WASHINGTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Transfers in.* Amounts 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.

*Transfers out.* Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

WEST WASHINGTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**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 Disbursements**

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of some of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The cash balance deficit of the Prepaid Lunch fund is a result of uncollected charges made by students and adults who did not have adequate funds in their prepaid account.

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 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 fiscal years ending June 30, 2017 and 2018, totaled \$378,621 and \$133,028, 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://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction	School Lunch
Cash and investments - beginning	\$ 2,310,027	\$ 436,380	\$ 138,971	\$ 724,895	\$ 933,000	\$ 61,335	\$ 523,393	\$ -	\$ -	\$ 7,361
Receipts:										
Local sources	35,956	750,530	228,895	810,823	693,985	174,968	-	-	-	100,961
Intermediate sources	40	-	-	-	-	-	-	-	-	-
State sources	5,072,437	-	-	-	-	-	-	-	-	2,727
Federal sources	-	-	-	-	-	-	-	-	-	255,107
Other receipts	-	-	-	-	-	-	-	-	-	800
Total receipts	5,108,433	750,530	228,895	810,823	693,985	174,968	-	-	-	359,595
Disbursements:										
Instruction	3,907,850	-	-	-	-	-	-	99,024	-	-
Support services	1,628,287	-	-	704,492	596,100	171,260	-	20,352	-	800
Noninstructional services	121,380	-	-	-	-	-	-	-	-	373,802
Facilities acquisition and construction	6,855	-	-	159,260	97	-	-	-	-	-
Debt service	68,392	377,621	226,725	-	-	-	100,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,732,764	377,621	226,725	863,752	596,197	171,260	100,000	119,376	-	374,602
Excess (deficiency) of receipts over disbursements	(624,331)	372,909	2,170	(52,929)	97,788	3,708	(100,000)	(119,376)	-	(15,007)
Other financing sources (uses):										
Sale of capital assets	499	-	-	531	-	1,200	-	-	-	-
Transfers in	524,149	-	-	-	-	-	700,000	119,376	-	33,906
Transfers out	(153,283)	(443,882)	-	(207,357)	(500,000)	-	(54,007)	-	-	(26,260)
Total other financing sources (uses)	371,365	(443,882)	-	(206,826)	(500,000)	1,200	645,993	119,376	-	7,646
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(252,966)	(70,973)	2,170	(259,755)	(402,212)	4,908	545,993	-	-	(7,361)
Cash and investments - ending	\$ 2,057,061	\$ 365,407	\$ 141,141	\$ 465,140	\$ 530,788	\$ 66,243	\$ 1,069,386	\$ -	\$ -	\$ -

WEST WASHINGTON SCHOOL CORPORATION  
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	Textbook Rental	Educational License Plates	SAFE School Haven	Lilly Endowment Grant	IN Retired Teachers Foundation	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Medicaid Reimbursement
Cash and investments - beginning	\$ 44,024	\$ -	\$ -	\$ -	\$ -	\$ 7,648	\$ 2,519	\$ -	\$ -	\$ 6,147
Receipts:										
Local sources	38,240	-	-	30,000	484	-	-	-	-	-
Intermediate sources	-	188	-	-	-	-	-	-	-	-
State sources	31,951	-	-	-	-	7,962	-	28,147	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	70,191	188	-	30,000	484	7,962	-	28,147	-	-
Disbursements:										
Instruction	-	-	-	-	-	-	2,519	26,391	-	-
Support services	66,829	-	17,508	6,571	484	15,610	-	750	-	1,264
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	66,829	-	17,508	6,571	484	15,610	2,519	27,141	-	1,264
Excess (deficiency) of receipts over disbursements	3,362	188	(17,508)	23,429	-	(7,648)	(2,519)	1,006	-	(1,264)
Other financing sources (uses):										
Sale of capital assets	694	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	694	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,056	188	(17,508)	23,429	-	(7,648)	(2,519)	1,006	-	(1,264)
Cash and investments - ending	\$ 48,080	\$ 188	\$ (17,508)	\$ 23,429	\$ -	\$ -	\$ -	\$ 1,006	\$ -	\$ 4,883

WEST WASHINGTON SCHOOL CORPORATION  
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	Secured Schools Safety Grant	Scholarships and Awards	School Technology	Career and Technical Performance Grant	Donation	WWCF Mahuron Grant	Lowe's Grant	Washington County Community	Mahuron Education Grants	Mahuron Education Grant
Cash and investments - beginning	\$ (12,964)	\$ 50	\$ 2,154	\$ -	\$ 1,250	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	13,919	-	-	1,000	616	4,935	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	7,357	-	6,308	4,463	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	7,357	13,919	6,308	4,463	1,000	616	4,935	-	-	-
Disbursements:										
Instruction	-	-	-	-	-	120	-	-	-	-
Support services	687	584	3,480	-	2,000	327	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	12,239	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	13,385	-	-	-	-	-	-	-	-
Total disbursements	12,926	13,969	3,480	-	2,000	447	-	-	-	-
Excess (deficiency) of receipts over disbursements	(5,569)	(50)	2,828	4,463	(1,000)	169	4,935	-	-	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	7,357	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,357	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,788	(50)	2,828	4,463	(1,000)	169	4,935	-	-	-
Cash and investments - ending	\$ (11,176)	\$ -	\$ 4,982	\$ 4,463	\$ 250	\$ 169	\$ 4,935	\$ -	\$ -	\$ -

WEST WASHINGTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Mahuron Education Grant	Digital Learning Grant	Fuel Up To Play 60 Grant	Wash. Co. Substance Abuse Grant	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Special Ed Grant	Medicaid Reimbursement - Federal	Title II 2015-2016
Cash and investments - beginning	\$ -	\$ (5,639)	\$ 3,285	\$ 3,000	\$ (32,478)	\$ -	\$ -	\$ -	\$ 7,435	\$ (4,878)
Receipts:										
Local sources	-	-	-	4,000	-	25	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	54,765	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	43,893	231,015	-	-	-	4,510
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	54,765	-	4,000	43,893	231,040	-	-	-	4,510
Disbursements:										
Instruction	-	41,008	3,211	-	11,415	248,759	-	-	-	(368)
Support services	-	28,272	-	7,000	-	15	-	-	2,723	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	69,280	3,211	7,000	11,415	248,774	-	-	2,723	(368)
Excess (deficiency) of receipts over disbursements	-	(14,515)	(3,211)	(3,000)	32,478	(17,734)	-	-	(2,723)	4,878
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	-	(14,515)	(3,211)	(3,000)	32,478	(17,734)	-	-	(2,723)	4,878
Cash and investments - ending	\$ -	\$ (20,154)	\$ 74	\$ -	\$ -	\$ (17,734)	\$ -	\$ -	\$ 4,712	\$ -

WEST WASHINGTON SCHOOL CORPORATION  
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	Title II 2016-2017	Title II 2017-2018	Rural & Low Income 2015-2016	Rural & Low Income 2016-2017	R & LI 2017-2018	Petty Cash	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,700)	\$ (9,224)	\$ -	\$ 100	\$ 3,869	\$ 112,409	\$ 5,262,369
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,889,337
Intermediate sources	-	-	-	-	-	-	-	-	228
State sources	-	-	-	-	-	-	-	-	5,216,117
Federal sources	51,968	-	14,154	15,075	-	-	-	-	615,722
Other receipts	-	-	-	-	-	-	89,120	1,388,758	1,478,678
Total receipts	51,968	-	14,154	15,075	-	-	89,120	1,388,758	10,200,082
Disbursements:									
Instruction	51,968	-	7,372	2,500	500	-	-	-	4,402,269
Support services	-	-	5,082	4,800	-	-	-	-	3,285,277
Noninstructional services	-	-	-	-	-	-	-	-	495,182
Facilities acquisition and construction	-	-	-	-	-	-	-	-	178,451
Debt service	-	-	-	-	-	-	-	-	772,738
Nonprogrammed charges	-	-	-	-	-	-	82,551	1,412,086	1,508,022
Total disbursements	51,968	-	12,454	7,300	500	-	82,551	1,412,086	10,641,939
Excess (deficiency) of receipts over disbursements	-	-	1,700	7,775	(500)	-	6,569	(23,328)	(441,857)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	2,924
Transfers in	-	-	-	-	-	-	-	-	1,384,788
Transfers out	-	-	-	-	-	-	-	-	(1,384,789)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,923
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,700	7,775	(500)	-	6,569	(23,328)	(438,934)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,449)	\$ (500)	\$ 100	\$ 10,438	\$ 89,081	\$ 4,823,435

WEST WASHINGTON SCHOOL CORPORATION  
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction	School Lunch
Cash and investments - beginning	\$ 2,057,061	\$ 365,407	\$ 141,141	\$ 465,140	\$ 530,788	\$ 66,243	\$ 1,069,386	\$ -	\$ -	\$ -
Receipts:										
Local sources	63,342	738,901	225,718	749,768	763,494	163,457	1,473	-	-	99,643
Intermediate sources	42	-	-	-	-	-	-	-	-	-
State sources	5,431,921	-	-	-	-	-	-	-	-	2,474
Federal sources	-	-	-	-	-	-	-	-	-	250,939
Other receipts	-	-	-	-	-	-	-	-	-	800
Total receipts	5,495,305	738,901	225,718	749,768	763,494	163,457	1,473	-	-	353,856
Disbursements:										
Instruction	3,330,358	-	-	-	-	-	429,000	22,078	-	-
Support services	1,714,806	-	-	556,487	590,633	210,056	28,274	4,662	109,155	837
Noninstructional services	134,853	-	-	-	-	-	-	-	-	338,766
Facilities acquisition and construction	2,207	-	-	136,296	-	-	2,250	-	115,247	-
Debt service	-	565,451	226,280	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	5,182,224	565,451	226,280	692,783	590,633	210,056	459,524	26,740	224,402	339,603
Excess (deficiency) of receipts over disbursements	313,081	173,450	(562)	56,985	172,861	(46,599)	(458,051)	(26,740)	(224,402)	14,253
Other financing sources (uses):										
Proceeds of long-term debt	-	7,882	-	-	-	-	-	-	920,000	-
Sale of capital assets	1,050	-	-	540	-	-	-	-	-	-
Transfers in	42,381	-	-	-	-	-	500,000	26,740	-	35,929
Transfers out	(62,669)	(24,732)	-	(205,707)	(300,000)	-	-	-	-	(42,381)
Total other financing sources (uses)	(19,238)	(16,850)	-	(205,167)	(300,000)	-	500,000	26,740	920,000	(6,452)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	293,843	156,600	(562)	(148,182)	(127,139)	(46,599)	41,949	-	695,598	7,801
Cash and investments - ending	\$ 2,350,904	\$ 522,007	\$ 140,579	\$ 316,958	\$ 403,649	\$ 19,644	\$ 1,111,335	\$ -	\$ 695,598	\$ 7,801

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	Textbook Rental	Educational License Plates	SAFE School Haven	Lilly Endowment Grant	IN Retired Teachers Foundation	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Medicaid Reimbursement
Cash and investments - beginning	\$ 48,080	\$ 188	\$ (17,508)	\$ 23,429	\$ -	\$ -	\$ -	\$ 1,006	\$ -	\$ 4,883
Receipts:										
Local sources	33,491	-	-	-	-	-	-	-	-	-
Intermediate sources	-	131	-	-	-	-	-	-	-	-
State sources	33,367	-	30,000	-	-	8,556	-	-	28,195	5
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	400	-	-	-	-	-	-	-	-	-
Total receipts	67,258	131	30,000	-	-	8,556	-	-	28,195	5
Disbursements:										
Instruction	-	281	-	-	-	-	-	1,006	24,762	-
Support services	107,504	-	12,492	20,430	-	780	-	-	453	1,810
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	107,504	281	12,492	20,430	-	780	-	1,006	25,215	1,810
Excess (deficiency) of receipts over disbursements	(40,246)	(150)	17,508	(20,430)	-	7,776	-	(1,006)	2,980	(1,805)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	24,732	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	24,732	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,514)	(150)	17,508	(20,430)	-	7,776	-	(1,006)	2,980	(1,805)
Cash and investments - ending	\$ 32,566	\$ 38	\$ -	\$ 2,999	\$ -	\$ 7,776	\$ -	\$ -	\$ 2,980	\$ 3,078

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	Secured Schools Safety Grant	Scholarships and Awards	School Technology	Career and Technical Performance Grant	Donation	WWCF Mahuron Grant	Lowe's Grant	Washington County Community	Mahuron Education Grants	Mahuron Education Grant
Cash and investments - beginning	\$ (11,176)	\$ -	\$ 4,982	\$ 4,463	\$ 250	\$ 169	\$ 4,935	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	18,344	-	-	2,276	-	-	3,500	299	251
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	5,470	-	7,770	5,395	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	5,470	18,344	7,770	5,395	2,276	-	-	3,500	299	251
Disbursements:										
Instruction	-	-	-	-	219	-	-	2,589	-	251
Support services	35,778	100	3,480	-	1,308	-	4,935	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	11,177	-	-	9,587	-	169	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	18,244	-	-	-	-	-	-	-	-
Total disbursements	46,955	18,344	3,480	9,587	1,527	169	4,935	2,589	-	251
Excess (deficiency) of receipts over disbursements	(41,485)	-	4,290	(4,192)	749	(169)	(4,935)	911	299	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	5,707	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	5,707	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(35,778)	-	4,290	(4,192)	749	(169)	(4,935)	911	299	-
Cash and investments - ending	\$ (46,954)	\$ -	\$ 9,272	\$ 271	\$ 999	\$ -	\$ -	\$ 911	\$ 299	\$ -

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	Mahuron Education Grant	Digital Learning Grant	Fuel Up To Play 60 Grant	Wash. Co. Substance Abuse Grant	Title I 2015-2016	Title I 2016-2017	Title I 2017-2018	Special Ed Grant	Medicaid Reimbursement - Federal	Title II 2015-2016
Cash and investments - beginning	\$ -	\$ (20,154)	\$ 74	\$ -	\$ -	\$ (17,734)	\$ -	\$ -	\$ 4,712	\$ -
Receipts:										
Local sources	350	-	-	3,000	-	-	-	95,158	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	20,154	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	44,858	184,167	-	9	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	350	20,154	-	3,000	-	44,858	184,167	95,158	9	-
Disbursements:										
Instruction	350	-	-	-	-	27,124	194,513	120,744	-	-
Support services	-	-	-	3,000	-	-	5,000	-	2,311	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	350	-	-	3,000	-	27,124	199,513	120,744	2,311	-
Excess (deficiency) of receipts over disbursements	-	20,154	-	-	-	17,734	(15,346)	(25,586)	(2,302)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	20,154	-	-	-	17,734	(15,346)	(25,586)	(2,302)	-
Cash and investments - ending	\$ -	\$ -	\$ 74	\$ -	\$ -	\$ -	\$ (15,346)	\$ (25,586)	\$ 2,410	\$ -

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, 2018

	Title II 2016-2017	Title II 2017-2018	Rural & Low Income 2015-2016	Rural & Low Income 2016-2017	R & LI 2017-2018	Petty Cash	Prepaid Lunch	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,449)	\$ (500)	\$ 100	\$ 10,438	\$ 89,081	\$ 4,823,435
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,962,465
Intermediate sources	-	-	-	-	-	-	-	-	173
State sources	-	-	-	-	-	-	-	-	5,573,307
Federal sources	-	50,969	-	2,000	11,654	-	-	-	544,596
Other receipts	-	-	-	-	-	-	52,498	1,289,785	1,343,483
Total receipts	-	50,969	-	2,000	11,654	-	52,498	1,289,785	10,424,024
Disbursements:									
Instruction	-	50,969	-	93	-	-	-	-	4,204,337
Support services	-	-	-	-	14,994	-	-	-	3,429,285
Noninstructional services	-	-	-	458	-	-	-	-	474,077
Facilities acquisition and construction	-	-	-	-	-	-	-	-	276,933
Debt service	-	-	-	-	-	-	-	-	791,731
Nonprogrammed charges	-	-	-	-	-	-	63,794	1,320,314	1,402,352
Total disbursements	-	50,969	-	551	14,994	-	63,794	1,320,314	10,578,715
Excess (deficiency) of receipts over disbursements	-	-	-	1,449	(3,340)	-	(11,296)	(30,529)	(154,691)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	927,882
Sale of capital assets	-	-	-	-	-	-	-	-	1,590
Transfers in	-	-	-	-	-	-	-	-	635,489
Transfers out	-	-	-	-	-	-	-	-	(635,489)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	929,472
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	1,449	(3,340)	-	(11,296)	(30,529)	774,781
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (3,840)	\$ 100	\$ (858)	\$ 58,552	\$ 5,598,216

WEST WASHINGTON SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: West Washington Building Corporation	West Washington Elementary School Renovation	\$ 69,226	6/30/2006	6/30/2021
Total of annual lease payments		<u>\$ 69,226</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Pension Bonds 2004		\$ 320,000	\$ 225,090
General obligation bonds	General Obligation Bonds of 2017		920,000	230,014
Notes and loans payable	Common School A1855		13,358	13,425
Notes and loans payable	Common School A0489		3,102,761	369,849
Notes and loans payable	Common School A1961		<u>13,133</u>	<u>13,265</u>
Total governmental activities			<u>4,369,252</u>	<u>851,643</u>
Totals			<u>\$ 4,369,252</u>	<u>\$ 851,643</u>

WEST WASHINGTON SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2018

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 188,060
Infrastructure	6,391,700
Buildings	11,559,278
Improvements other than buildings	692,115
Machinery, equipment, and vehicles	1,737,722
Construction in progress	18,205
Books and other	<u>40,067</u>
Total governmental activities	<u>20,627,147</u>
Total capital assets	<u>\$ 20,627,147</u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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Web Site: [www.in.gov/sboa](http://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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

***Opinion on Each 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 each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003 and 2018-004. 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 the Uniform Guidance, 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.

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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, and 2018-004, that we consider to be material weaknesses.

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.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

*Paul D. Joyce*  
Paul D. Joyce, CPA  
State Examiner

February 4, 2019

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved 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, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			SY 16-17	\$ 76,757	\$ -
School Breakfast Program			SY 17-18	-	69,182
Total - School Breakfast Program				<u>76,757</u>	<u>69,182</u>
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			SY 16-17	178,350	-
National School Lunch Program - Commodities			SY 16-17	27,527	-
National School Lunch Program			SY 17-18	-	181,757
National School Lunch Program - Commodities			SY 17-18	-	27,619
Total - National School Lunch Program				<u>205,877</u>	<u>209,376</u>
Total - Child Nutrition Cluster				<u>282,634</u>	<u>278,558</u>
Total - Department of Agriculture				<u>282,634</u>	<u>278,558</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Special Education Grants to States			14215-056-PN01	2,458	-
Special Education Grants to States			14216-054-PN01	76,103	132
Special Education Grants to States			14217-054-PN01	140,321	98,762
Special Education Grants to States			18611-054-PN01	-	152,613
Total - Special Education Grants to States				<u>218,882</u>	<u>251,507</u>
Special Education Preschool Grants					
Special Education Preschool Grants	Indiana Department of Education	84.173			
Special Education Preschool Grants			45715-056-PN01	256	-
Special Education Preschool Grants			45716-054-PN01	4,297	257
Special Education Preschool Grants			45717-054-PN01	5,236	3,596
Special Education Preschool Grants			18619-054-PN01	-	6,299
Total - Special Education Preschool Grants				<u>9,789</u>	<u>10,152</u>
Total - Special Education Cluster (IDEA)				<u>228,671</u>	<u>261,659</u>

WEST WASHINGTON SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Grants to Local Educational Agencies			SY 15-8220	43,893	-
Title I Grants to Local Educational Agencies			SY 16-8220	222,118	44,882
Title I Grants to Local Educational Agencies			SY 17-8220	-	184,167
<b>Total - Title I Grants to Local Educational Agencies</b>				<u>266,011</u>	<u>229,049</u>
Rural Education	Indiana Department of Education	84.358			
Rural & Low Income			SY 15-16	14,154	-
Rural & Low Income			SY 16-17	15,075	2,000
Rural & Low Income			SY 17-18	-	11,654
<b>Total - Rural Education</b>				<u>29,229</u>	<u>13,654</u>
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Supporting Effective Instruction State Grants			SY 15-16	4,510	-
Supporting Effective Instruction State Grants			SY 16-17	51,968	-
Supporting Effective Instruction State Grants			SY 17-18	-	50,969
<b>Total - Supporting Effective Instruction State Grants</b>				<u>56,478</u>	<u>50,969</u>
<b>Total - Department of Education</b>				<u>580,389</u>	<u>555,331</u>
<b>Total federal awards expended</b>				<u>\$ 863,023</u>	<u>\$ 833,889</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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

The School Corporation is a member of the South Central Area Special Education Cooperative (Cooperative). The Cooperative operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the Schedule of Expenditures of Federal Awards is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

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

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

**FINDING 2018-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-001.

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

*Condition*

The School Corporation did not have an effective internal control system in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared and entered the SEFA via the Indiana Gateway for Government Units financial reporting system and the Superintendent of Schools reviewed the information entered to ensure the accuracy of the information prior to submission; however, material misstatements of the SEFA remained undetected.

*Context*

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster was overstated by \$563 for fiscal year 2016-2017 and understated by \$5,837 for fiscal year 2017-2018.
2. The Special Education Cluster (IDEA) was overstated by \$491,629 for fiscal year 2016-2017 and understated by \$157,946 for fiscal year 2017-2018.
3. The Title I Grants to Local Educational Agencies grant was overstated by \$8,922 for fiscal year 2016-2017 and understated by \$201,950 for fiscal year 2017-2018.
4. The Rural Education grant was overstated by \$500 for fiscal year 2016-2017 and \$1,890 for fiscal year 2017-2018.
5. There were several program names, award names, program titles, project titles, and pass-through entity or other identifying numbers that were reported incorrectly.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

*"Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2018-002**

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded. A Prepaid Food Account, Fund 8400, was established to account for prepaid food, but the account balance did not agree to the detail of the individual student account balances. An oversight, review, or approval process had not been established.

*Context*

The lack of controls was a systemic problem throughout the audit period.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

Management had not developed a system of internal controls over program income.

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Program Income compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2018-003**

Subject: Child Nutrition Cluster - Reporting, Special Tests and Provisions -  
Verification of Free and Reduced Price Applications (NSLP)  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Reporting, Special Tests and Provisions - Verification  
of Free and Reduced Price Applications (NSLP)  
Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

*Condition*

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Documentation to support the number of applications and students approved for free or reduced meals reported on the School Food Authority (SFA) Verification Collection Reports for fiscal year 2016-2017 and fiscal year 2017-2018 were not presented for audit and could not be readily determined.

The School Food Authority (SFA) Verification Collection Report for Program Year 2016-2017 indicated that the School Corporation was required to verify four of the free and reduced price applications. The School Corporation did not properly determine the income when performing the verification process. The School Corporation did not include all elements of income reported such as overtime, vacation pay, and on-call, but included only regular earnings reported for the period submitted. As a result, the eligibility for two of the applications should have been changed, but was not.

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

*Context*

The lack of controls and noncompliance were systemic issues that occurred throughout the audit period for the Reporting. The lack of controls over the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) occurred throughout the 2017-2018 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

7 CFR 245.6a(h) states:

*"Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS."

7 CFR 245.6a(f)(7) states: *"Eligibility changes.* Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially."

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

***FINDING 2018-004***

Subject: Title I Grants to Local Educational Agencies - 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 Numbers and Years (or Other Identifying Numbers): SY 15-8220, SY 16-8220, SY 17-8220

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation did not comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement. Written documentation was not obtained for students incarcerated, enrolled in an educational program that culminated in the award of a high school diploma, removal for transfer, or provide proper documentation for the status of student expulsion.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period. The School Corporation did not obtain the proper documentation required for 5 of the 34 students tested.

*Criteria*

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)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

34 CFR 200.19(b) states in part:

"*High schools*—

(1) *Graduation rate*. Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term 'students who transfer into the cohort' means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(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) *Transitional graduation rate*.

(i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number of years; . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

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

- (A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;
- (B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and
- (C) A dropout may not be counted as a transfer. . . ."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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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*

8026 W. Batt Rd., Campbellsburg, Indiana 47108  
Phone 812-755-4872 Fax 812-755-4843

**Keith A. Nance**  
Superintendent  
nancek@wwcs.k12.in.us

**Carol Hoar**  
Secretary  
hoarc@wwcs.k12.in.us

**Vickie Nice**  
Treasurer  
nicev@wwcs.k12.in.us

**Barb Davis**  
Deputy Treasurer  
davisb@wwcs.k12.in.us

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2016-001***

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

#### Status of Audit Finding:

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 prepares the schedule of awards and submits to the Superintendent for review.

Completion Date: June 30, 2019.

### ***FINDING 2016-002***

Fiscal year in which the finding initially occurred: 2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

#### Status of Audit Finding:

#### Program Income:

- The elementary lunch bookkeeper has been trained on procedures for proper fund accounting. (Elementary Lunch Bookkeeper).
- Funds are checked by the Kitchen Manager (HS Cashier)
- Report is reviewed and recorded by Central Office (Secretary)
- Income is receipted by Central Office Treasurer (Treasurer)

#### Reporting:

- Annual Report is reported by Central Office (Secretary)
- Annual Report is reviewed and signed by Central Office Treasurer (Treasurer)
- Annual Report is reviewed and signed by Superintendent (Superintendent)

#### Segregation of Duties for Verification of Free and Reduced Lunch includes:

- Collection of Free and Reduced Lunch Forms at building level (Building Level Administrator)

*"We Grow"*

- Free and Reduced Lunch Forms recorded by the Kitchen Manager (Elementary Lunch Bookkeeper)
- Free and Reduced Lunch Forms recorded by the ECA Treasurer (ECA Treasurer)
- Free and Reduced Lunch Forms verifications completed and filed by Central Office. (Superintendent/Secretary)

Completion Date: Implementation ongoing

**FINDING 2016-003**

Fiscal year in which the finding initially occurred: 2016  
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
 Contact Person Responsible for Corrective Action: Keith Nance  
 Contact Phone Number: 812-755-4872

Status of Audit Finding:

- The school corporation will not exceed the maximum annual increase allowable by the federal lunch program.
- Secretary will be responsible for retaining the information from IDOE for Paid Lunch Equity and verify that we comply with the allowable increase.
- The information is then presented to board for approval.

Completion Date: June 30, 2018

**FINDING 2016-004**

Fiscal year in which the finding initially occurred: 2014  
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
 Contact Person Responsible for Corrective Action: Keith Nance  
 Contact Phone Number: 812-755-4872

Status of Audit Finding:

- The corporation implemented a plan at the conclusion of the previous audit for years July 1, 2012 - June 30, 2014. This plan was not reflective in this audit for years July 1, 2014 - June 30, 2016, thus a repeat finding.
- Reports are prepared by the corporation Treasurer and reviewed/signed by Superintendent prior to submission.

Completion Date: June 30, 2018

**FINDING 2016-005**

Fiscal year in which the finding initially occurred: 2014  
 Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
 Contact Person Responsible for Corrective Action: Tom Rosenbaum  
 Contact Phone Number: 812-755-4872

Status of Audit Finding:

All students in grades K-2 are given a Dibels test and students in grades 3-6 are given Acuity. Scores are then used to determine a student's participation in the Title I program. When West Washington Elementary adopted I-Ready Math series, they began to use the diagnostic test that came with the program. With ESSA, schoolwide programs no longer have to test students since the entire school is Title I, but classroom teachers continue to use the I-Ready Language Arts diagnostic test and their recommendations to determine which students participate in any pull out intervention.

Test results are reviewed by Elementary Principal and Title I Coordinator and are used to evaluate the program the following year.

Completion Date: June 30, 2018

**FINDING 2016-006**

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Status of Audit Finding:

Cash Management and Reporting:

- Reports are generated by the South Central Area Special Education Cooperative and signed by the Board President and verified by the WWCS Superintendent.

Completion Date: June 30, 2019

**FINDING 2016-007**

Fiscal year in which the finding initially occurred: 2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Status of Audit Finding:

WWSC maintains records of activity for School Corporation employees that were paid solely from Special Education funds by completing Semi-Annual Certifications.

Completion Date: June 30, 2019

**FINDING 2016-008**


Fiscal year in which the finding initially occurred: 2016  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Keith Nance  
Contact Phone Number: 812-755-4872

Status of Audit Finding:

Suspension and Disbarment -

- Contracts and Subcontracts will be presented by the South Central Area Special Education Cooperative to the SCASEC Board of Directors (Superintendents)
- Contracts and Subcontracts will be reviewed by Superintendent before approval (WWSC Superintendent)

Completion Date: June 30, 2019

  
\_\_\_\_\_  
(Signature)  
  
*Superintendent*  
\_\_\_\_\_  
(Title)  
  
1/28/19  
\_\_\_\_\_  
(Date)

# *West Washington School Corporation*

8026 W. Batt Rd., Campbellsburg, Indiana 47108

Phone 812-755-4872 Fax 812-755-4843

**Keith A. Nance**  
Superintendent  
nancek@wwcs.k12.in.us

**Carol Hoar**  
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**Vickie Nice**  
Treasurer  
nicev@wwcs.k12.in.us

**Barb Davis**  
Deputy Treasurer  
davisb@wwcs.k12.in.us

## **CORRECTIVE ACTION PLAN**

### ***Finding 2018-001***

Contact Person Responsible for Corrective Action: Vickie Nice

Contact Phone Number: 812-755-4872


Views of Responsible Official: We concur with the finding.


Description of Corrective Action Plan:

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. Fiscal year's 2016-2017 and 2017-2018 have been corrected with instructions to accurately complete the 2018-2019 and future SEFA reports.

Anticipated Completion Date: June 30, 2019.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Carol Hoar/Jana Agan

Contact Phone Number: 812-755-4872

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

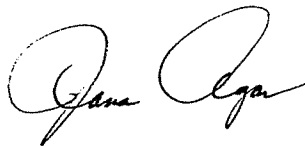
Program Income:

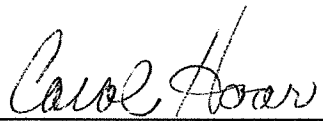

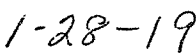
- The elementary lunch bookkeeper has been trained on procedures for proper fund accounting. (Elementary Lunch Bookkeeper)
- Funds are checked by the High School Cashier.
- Report is reviewed and recorded by Central Office Secretary
- Income is receipted by Corporation Treasurer

Reporting:

- Annual Report is reported by Central Office Secretary
- Annual Report is reviewed and signed by Corporation Treasurer
- Annual Report is reviewed and signed by Superintendent

Anticipated Completion Date: June 30, 2019



  
\_\_\_\_\_  
(Signature)  
  
\_\_\_\_\_  
(Title)  
  
\_\_\_\_\_  
(Date)

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Tom Rosenbaum & Jana Agan

Contact Phone Number: 812-755-4934

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Segregation of Duties for Verification of Free and Reduced Lunch will include:

- Collection and figuring of Free and Reduced Lunch Forms by Elementary Lunch Bookkeeper.
- Free and Reduced Lunch Forms approved by Building Principal.
- Free and Reduced Lunch Forms recorded by Elementary Lunch Bookkeeper and ECA Treasurer.
- Free and Reduced Lunch Forms verifications completed by Elementary Bookkeeper, eligibility verified by Building Principal, confirmed by Central Office Secretary and then reviewed/signed off by Corporation Treasurer.

Anticipated Completion Date: June 30, 2019



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(Signature) ,

Elem. Principal

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(Title)

1-28-19

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(Date)

**FINDING 2018-004**

Contact Person Responsible for Corrective Action: Mary Anne Knapp

Contact Phone Number: 812-755-4996

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In order to comply with the Special Tests and Provisions – Annual Report Card, High School Graduation Rate requirement, written documentation will be obtained for all students incarcerated, enrolled at another school or removed for transfer and signed by the high school lead administrator before filing. When documentation cannot be collected the student will be reported to the Clearing House of Missing Students, and verification of the report will be signed by the high school lead administrator before filing.

Anticipated Completion Date: June 30, 2019

Mary Anne Knapp  
(Signature)

principal  
(Title)

1/28/19  
(Date)

## 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/>.