

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

AUDIT REPORT

OF

WASHINGTON COMMUNITY SCHOOLS, INC.

DAVISS COUNTY, INDIANA

July 1, 2005 to June 30, 2007



**FILED**

03/31/2008



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jean Kane	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Tom Miller Dr. Bruce Hatton	07-01-05 to 06-30-06 07-01-07 to 06-30-09
President of the School Board	Gary Williams	07-01-05 to 06-30-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE WASHINGTON COMMUNITY  
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Community Schools, Inc. (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated March 10, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

March 10, 2008



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

TO: THE OFFICIALS OF THE WASHINGTON COMMUNITY  
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Washington Community Schools, Inc. (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 10, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

March 10, 2008

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,207,427	\$ -	\$ 98,964	\$ (7,108,463)
Support services	11,442,986	450,074	523,426	(10,469,486)
Community services	97,061	-	-	(97,061)
Nonprogrammed charges	1,469,188	-	-	(1,469,188)
Debt service	8,164,870	-	-	(8,164,870)
Total governmental activities	\$ 28,381,532	\$ 450,074	\$ 622,390	(27,309,068)
General receipts:				
Property taxes				7,328,778
Other local sources				1,349,095
State aid				11,180,040
Bonds and loans				6,000,000
Grants and contributions not restricted to specific programs				893,388
Sale of property, adjustments, and refunds				119,466
Investment earnings				257,716
Total general receipts				27,128,483
Change in net assets				(180,585)
Net assets - beginning				7,977,123
Net assets - ending				\$ 7,796,538
<u>Assets</u>				
Cash and investments				\$ 7,322,543
Restricted assets:				
Cash and investments				473,995
Total assets				\$ 7,796,538
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 473,995
Unrestricted				7,322,543
Total net assets				\$ 7,796,538

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 7,489,732	\$ -	\$ 86,415	\$ (7,403,317)
Support services	11,049,158	464,983	519,385	(10,064,790)
Community services	87,601	-	-	(87,601)
Nonprogrammed charges	1,718,595	-	-	(1,718,595)
Debt service	8,286,244	-	-	(8,286,244)
Total governmental activities	\$ 28,631,330	\$ 464,983	\$ 605,800	(27,560,547)
General receipts:				
Property taxes				7,436,442
Other local sources				1,428,004
State aid				11,458,982
Bonds and loans				7,900,000
Grants and contributions not restricted to specific programs				954,419
Sale of property, adjustments, and refunds				629,768
Investment earnings				366,164
Total general receipts				30,173,779
Change in net assets				2,613,232
Net assets - beginning				7,796,538
Net assets - ending				\$ 10,409,770
 <u>Assets</u>				
Cash and investments				\$ 9,797,028
Restricted assets:				
Cash and investments				612,742
Total assets				\$ 10,409,770
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 612,742
Unrestricted				9,797,028
Total net assets				\$ 10,409,770

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2006

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 4,008,209	\$ 712,189	\$ -	\$ 1,811,595	\$ 1,860,188	\$ 34,770	\$ 957,523	\$ 9,384,474
Intermediate sources	306	-	-	-	-	-	881	1,187
State sources	11,261,628	1,186	-	-	-	-	199,246	11,462,060
Federal sources	60,725	-	-	-	-	-	1,173,034	1,233,759
Bonds and loans	6,000,000	-	-	-	-	-	-	6,000,000
Sale of property, adjustments and refunds	109,850	8,186	-	-	500	-	931	119,467
Interfund loans	3,000	-	-	-	281,000	-	12,500	296,500
<b>Total receipts</b>	<b>21,443,718</b>	<b>721,561</b>	<b>-</b>	<b>1,811,595</b>	<b>2,141,688</b>	<b>34,770</b>	<b>2,344,115</b>	<b>28,497,447</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	6,740,922	-	-	-	-	-	466,505	7,207,427
Support services	7,280,298	756,524	-	-	2,123,333	-	1,282,831	11,442,986
Community services	90,519	-	-	-	-	-	6,542	97,061
Nonprogrammed charges	1,367,438	-	-	-	-	-	101,750	1,469,188
Debt services	6,000,000	-	-	1,594,870	-	-	570,000	8,164,870
Interfund loans	281,500	-	-	-	6,000	-	9,000	296,500
<b>Total disbursements</b>	<b>21,760,677</b>	<b>756,524</b>	<b>-</b>	<b>1,594,870</b>	<b>2,129,333</b>	<b>-</b>	<b>2,436,628</b>	<b>28,678,032</b>
Excess (deficiency) of receipts over disbursements	(316,959)	(34,963)	-	216,725	12,355	34,770	(92,513)	(180,585)
<b>Other financing sources (uses):</b>								
Transfers in	97,304	46,950	100,000	-	-	-	63,302	307,556
Transfers out	(48,652)	(50,000)	-	(46,950)	(50,000)	-	(111,954)	(307,556)
<b>Total other financing sources (uses)</b>	<b>48,652</b>	<b>(3,050)</b>	<b>100,000</b>	<b>(46,950)</b>	<b>(50,000)</b>	<b>-</b>	<b>(48,652)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(268,307)	(38,013)	100,000	169,775	(37,645)	34,770	(141,165)	(180,585)
Cash and investments - beginning	5,963,481	47,175	900,000	286,179	46,636	172,980	560,672	7,977,123
Cash and investments - ending	<u>\$ 5,695,174</u>	<u>\$ 9,162</u>	<u>\$ 1,000,000</u>	<u>\$ 455,954</u>	<u>\$ 8,991</u>	<u>\$ 207,750</u>	<u>\$ 419,507</u>	<u>\$ 7,796,538</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 5,695,174	\$ 9,162	\$ 1,000,000	\$ -	\$ 8,991	\$ 207,750	\$ 401,466	\$ 7,322,543
Restricted assets:								
Cash and investments	-	-	-	455,954	-	-	18,041	473,995
<b>Total cash and investment assets - ending</b>	<u>\$ 5,695,174</u>	<u>\$ 9,162</u>	<u>\$ 1,000,000</u>	<u>\$ 455,954</u>	<u>\$ 8,991</u>	<u>\$ 207,750</u>	<u>\$ 419,507</u>	<u>\$ 7,796,538</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	455,954	\$ -	\$ -	\$ 18,041	\$ 473,995
Unrestricted	5,695,174	9,162	1,000,000	-	8,991	207,750	401,466	7,322,543
<b>Total cash and investment fund balance - ending</b>	<u>\$ 5,695,174</u>	<u>\$ 9,162</u>	<u>\$ 1,000,000</u>	<u>\$ 455,954</u>	<u>\$ 8,991</u>	<u>\$ 207,750</u>	<u>\$ 419,507</u>	<u>\$ 7,796,538</u>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Construction Fund	Other	Totals
<b>Receipts:</b>									
Local sources	\$ 3,919,705	\$ 760,816	\$ -	\$ 1,886,742	\$ 1,928,646	\$ 46,966	\$ -	\$ 1,151,418	\$ 9,694,293
Intermediate sources	306	-	-	-	-	-	-	994	1,300
State sources	11,528,692	-	-	-	-	-	-	314,578	11,843,270
Federal sources	62,153	-	-	-	-	-	-	1,113,778	1,175,931
Bonds and loans	6,000,000	-	-	-	-	-	1,900,000	-	7,900,000
Sale of property, adjustments and refunds	23,201	548	-	-	589,584	-	4,934	11,501	629,768
Interfund loans	281,500	-	-	-	-	-	-	3,000	284,500
<b>Total receipts</b>	<b>21,815,557</b>	<b>761,364</b>	<b>-</b>	<b>1,886,742</b>	<b>2,518,230</b>	<b>46,966</b>	<b>1,904,934</b>	<b>2,595,269</b>	<b>31,529,062</b>
<b>Disbursements:</b>									
<b>Current:</b>									
Instruction	6,956,803	-	-	-	-	-	-	532,929	7,489,732
Support services	6,578,027	761,697	425,914	-	1,769,560	203,157	84,520	1,226,283	11,049,158
Community services	85,288	-	-	-	-	-	-	2,313	87,601
Nonprogrammed charges	1,628,845	-	-	-	-	-	-	89,750	1,718,595
Debt services	6,000,000	-	-	1,686,244	-	-	-	600,000	8,286,244
Interfund loans	3,000	-	-	-	275,000	-	-	6,500	284,500
<b>Total disbursements</b>	<b>21,251,963</b>	<b>761,697</b>	<b>425,914</b>	<b>1,686,244</b>	<b>2,044,560</b>	<b>203,157</b>	<b>84,520</b>	<b>2,457,775</b>	<b>28,915,830</b>
Excess (deficiency) of receipts over disbursements	563,594	(333)	(425,914)	200,498	473,670	(156,191)	1,820,414	137,494	2,613,232
<b>Other financing sources (uses):</b>									
Transfers in	-	-	600,000	-	-	-	-	22,080	622,080
Transfers out	-	-	-	(75,000)	(475,000)	(50,000)	-	(22,080)	(622,080)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>600,000</b>	<b>(75,000)</b>	<b>(475,000)</b>	<b>(50,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	563,594	(333)	174,086	125,498	(1,330)	(206,191)	1,820,414	137,494	2,613,232
Cash and investments - beginning	5,695,174	9,162	1,000,000	455,954	8,991	207,750	-	419,507	7,796,538
Cash and investments - ending	<u>\$ 6,258,768</u>	<u>\$ 8,829</u>	<u>\$ 1,174,086</u>	<u>\$ 581,452</u>	<u>\$ 7,661</u>	<u>\$ 1,559</u>	<u>\$ 1,820,414</u>	<u>\$ 557,001</u>	<u>\$ 10,409,770</u>
<b>Cash and Investment Assets - Ending</b>									
Cash and investments	\$ 6,258,768	\$ 8,829	\$ 1,174,086	\$ -	\$ 7,661	\$ 1,559	\$ 1,820,414	\$ 525,711	\$ 9,797,028
Restricted assets:									
Cash and investments	-	-	-	581,452	-	-	-	31,290	612,742
<b>Total cash and investment assets - ending</b>	<u>\$ 6,258,768</u>	<u>\$ 8,829</u>	<u>\$ 1,174,086</u>	<u>\$ 581,452</u>	<u>\$ 7,661</u>	<u>\$ 1,559</u>	<u>\$ 1,820,414</u>	<u>\$ 557,001</u>	<u>\$ 10,409,770</u>
<b>Cash and Investment Fund Balance - Ending</b>									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ 581,452	\$ -	\$ -	\$ -	\$ 31,290	\$ 612,742
Unrestricted	6,258,768	8,829	1,174,086	-	7,661	1,559	1,820,414	525,711	9,797,028
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,258,768</u>	<u>\$ 8,829</u>	<u>\$ 1,174,086</u>	<u>\$ 581,452</u>	<u>\$ 7,661</u>	<u>\$ 1,559</u>	<u>\$ 1,820,414</u>	<u>\$ 557,001</u>	<u>\$ 10,409,770</u>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2006

	Pension Trust Fund	Agency Fund
Additions:		
Investment earnings:		
Interest	\$ <u>40,373</u>	
Deductions:		
Benefits	<u>441,138</u>	
Deficiency of total additions over total deductions	(400,765)	
Cash and investment fund balance - beginning	<u>1,532,486</u>	
Cash and investment fund balance - ending	<u>\$ 1,131,721</u>	
Net assets:		
Cash and investments	<u>\$ 1,131,721</u>	<u>\$ 1,315</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,131,721</u>	<u>\$ 1,315</u>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>
Additions:		
Investment earnings:		
Interest	\$ <u>52,543</u>	
Deductions:		
Benefits	<u>360,833</u>	
Excess (deficiency) of total additions over total deductions	(308,290)	
Cash and investment fund balance - beginning	<u>1,131,721</u>	
Cash and investment fund balance - ending	<u><u>\$ 823,431</u></u>	
Net assets:		
Cash and investments	<u>\$ 823,431</u>	<u>\$ 49</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 823,431</u></u>	<u><u>\$ 49</u></u>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Washington Community Schools, Inc.

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

Joint Venture

The School Corporation is a participant with 3 other school corporations in a joint venture to operate Daviess-Martin Special Education Cooperative which was created to provide instruction for handicapped children. The Special Education Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Daviess-Martin Special Education Cooperative can be obtained from the Cooperative's administrative office at P.O. Box 637, Washington, IN 47501.

The School Corporation is a participant with 12 other school corporations in a joint venture to operate Twin Rivers Vocational Area which was created to provide for the development and operation of vocational programs for students and citizens within the jurisdiction of the participating school corporations. The Vocational Area's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Twin Rivers Vocational Area can be obtained from 301 E. South Street, Washington, IN 47501.

The School Corporation is a participant with 36 other school corporations in a joint venture to operate the Southern Indiana School Education Center (SIEC) which was created to operate and maintain an educational service center in order to allow participating school corporations to cooperate and share certain programs and services. The School Corporation is obligated by contract to remit annually a fee for membership in an amount determined by the governing board of the SIEC. The SIEC's continued existence depends on continued funding by the member School Corporations. Complete financial statements for the SIEC can be obtained from Southwest Dubois County School Corporation, Huntingburg, Indiana.

The School Corporation is a participant with 9 other school corporations in a joint venture to operate Southern Indiana School Trust which was created to provide a program of group insurance. The Southwest Dubois County School Corporation provides the treasury function for the trust and has the responsibility for the accountability of all fiscal matters. Complete financial statements for the Southern Indiana School Trust can be obtained from Southwest Dubois County School Corporation, Huntingburg, Indiana.

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the Carnegie Public Library.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

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

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The rainy day fund accounts for resources to be held for future use. It is funded solely by cash transfers from other governmental funds.

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The construction fund is used to account for receipts and disbursements concerning the remodeling of the high school and junior high renovation project.

Additionally, the School Corporation reports the following fund types:

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the School Corporation in a trustee capacity.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Certified personnel are authorized 14 days per school year. These days are cumulative to a total of 260 days. Noncertified personnel who work 240 days or more each year earn sick leave at a rate of 12 days per year. Unused sick leave may be accumulated to a maximum of 120 five days. Personnel employed as cooks are authorized 9 days each year. These days are cumulative to a total of 40 days.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Certified personnel are authorized 3 days per school year with unused days accumulating as sick leave days. Noncertified personnel are authorized 2 days per school year if they work less than 240 days or 3 days if they work 240 days or more each year. These days are noncumulative for noncertified personnel.

4. Capital Assets

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

5. Long-Term Debt

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

6. Equity Classification

Government-Wide Statements

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

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2006	2007
General Fund	Nonmajor Fund	\$ 48,652	\$ -
Transportation Operating Fund	Rainy Day Fund	50,000	-
Capital Projects Fund	Rainy Day Fund	50,000	475,000
Debt Service Fund	Rainy Day Fund	-	75,000
Debt Service Fund	Transportation Operating Fund	46,950	-
School Bus Replacement Fund	Rainy Day Fund	-	50,000
Nonmajor Fund	General Fund	97,304	-
	Nonmajor Fund	14,650	22,080
		<u>\$ 307,556</u>	<u>\$ 622,080</u>
Totals		<u>\$ 307,556</u>	<u>\$ 622,080</u>

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

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into capital leases with Washington Indiana Elementary School Building Corporation, North School Building Corporation, and Washington Community School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be a related party of the School Corporation.

The facilities under the leases for the Washington Elementary School Building and North School Building are included in the capital assets note of the School Corporation. The Washington Community School Building lease is for the construction and renovation to the Junior/Senior High Schools and will not be completed until approximately June 30, 2009, and therefore, is not included in the capital asset note. The corresponding lease obligations have been included in the governmental activities column of the lease note. Lease payments during the year ended June 30, 2007 totaled \$1,175,000.

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

C. Subsequent Events

The School Corporation has entered into a lease agreement with Washington Community School Building Corporation for the construction and renovation to the Junior/Senior High Schools. The projected completion date for the project is June 30, 2009. The lease payments of \$776,500 are due on June 30 and December 30 of each year for 24 years, with the first lease payment due on June 30, 2008.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 30 years of service. Currently, 26 retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2007, disbursements of \$ 148,433 were recognized for postemployment benefits.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 103,383
Interest on net pension obligation	(3,410)
Adjustment to annual required contribution	3,886
Annual pension cost	103,859
Contributions made	90,564
Increase in net pension obligation	13,295
Net pension obligation, beginning of year	(47,037)
Net pension obligation, end of year	\$ (33,742)
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 86,400	81%	\$ (51,576)
	06-30-05	90,102	95%	(47,037)
	06-30-06	103,859	97%	(33,742)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$231,021, \$204,983 and \$162,448, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

WASHINGTON COMMUNITY SCHOOLS, INC.  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 1,319,922	\$ 1,508,418	\$ (188,496)	88%	\$ 1,362,599	(14%)
07-01-05	1,387,779	1,666,212	(278,433)	83%	1,417,800	(20%)
07-01-06	1,518,674	2,041,520	(522,846)	74%	1,420,302	(37%)

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education Plate Fee Fund	Alternative Education	Safe School Haven
<b>Receipts:</b>							
Local sources	\$ 12,294	\$ 295,107	\$ 180,916	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	881	-	-
State sources	85,819	6,928	47,009	-	-	4,763	5,057
Federal sources	-	468,751	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	931	-	-	-	-
Interfund loans	6,500	-	-	-	-	-	-
<b>Total receipts</b>	<b>104,613</b>	<b>770,786</b>	<b>228,856</b>	<b>-</b>	<b>881</b>	<b>4,763</b>	<b>5,057</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	-	743,697	263,861	-	581	-	5,057
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	101,750	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	3,000	-	-	-	-	-	-
<b>Total disbursements</b>	<b>104,750</b>	<b>743,697</b>	<b>263,861</b>	<b>-</b>	<b>581</b>	<b>-</b>	<b>5,057</b>
Excess (deficiency) of receipts over disbursements	(137)	27,089	(35,005)	-	300	4,763	-
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	48,652	-	-	-
Transfers out	-	-	-	(97,304)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,652)</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(137)	27,089	(35,005)	(48,652)	300	4,763	-
Cash and investments - beginning	441	165,749	136,119	48,652	788	-	-
Cash and investments - ending	\$ 304	\$ 192,838	\$ 101,114	\$ -	\$ 1,088	\$ 4,763	\$ -
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 304	\$ 192,838	\$ 101,114	\$ -	\$ 1,088	\$ 4,763	\$ -
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 304</b>	<b>\$ 192,838</b>	<b>\$ 101,114</b>	<b>\$ -</b>	<b>\$ 1,088</b>	<b>\$ 4,763</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	304	192,838	101,114	-	1,088	4,763	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 304</b>	<b>\$ 192,838</b>	<b>\$ 101,114</b>	<b>\$ -</b>	<b>\$ 1,088</b>	<b>\$ 4,763</b>	<b>\$ -</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 For the Year Ended June 30, 2006  
 (Continued)

	Gifted/Talented 2005-2006	Non-English Speaking Program 2005-2006	Tobacco Prevention	Sine Literacy Celebration 2004	Student Success Elementary	SINE Literary Grant	Middle School Grants from SINE
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 20,160	\$ -	\$ -	\$ -	\$ 7,000
Intermediate sources	-	-	-	-	-	-	-
State sources	14,774	2,695	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>14,774</b>	<b>2,695</b>	<b>20,160</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>7,000</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	14,774	2,695	-	-	-	-	-
Support services	-	-	13,482	1,965	3,989	303	12,185
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14,774</b>	<b>2,695</b>	<b>13,482</b>	<b>1,965</b>	<b>3,989</b>	<b>303</b>	<b>12,185</b>
Excess (deficiency) of receipts over disbursements	-	-	6,678	(1,965)	(3,989)	(303)	(5,185)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,678	(1,965)	(3,989)	(303)	(5,185)
Cash and investments - beginning	-	-	-	1,965	3,989	303	7,582
Cash and investments - ending	\$ -	\$ -	\$ 6,678	\$ -	\$ -	\$ -	\$ 2,397
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 6,678	\$ -	\$ -	\$ -	\$ 2,397
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,397</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	6,678	-	-	-	2,397
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 6,678</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,397</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 For the Year Ended June 30, 2006  
 (Continued)

	Ruby Payne Mini-Grant (SINE)	Student Success	Title I 2004-05	Title I 2005-06	Title V Part A	Serve America
<b>Receipts:</b>						
Local sources	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	49,450	441,406	9,844	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,000</b>	<b>-</b>	<b>49,450</b>	<b>441,406</b>	<b>9,844</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	37,056	249,538	1,314	-
Support services	999	25	31,510	141,895	8,530	2,119
Community services	-	-	5,194	1,348	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>999</b>	<b>25</b>	<b>73,760</b>	<b>392,781</b>	<b>9,844</b>	<b>2,119</b>
Excess (deficiency) of receipts over disbursements	1,001	(25)	(24,310)	48,625	-	(2,119)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	14,650	-	-
Transfers out	-	-	(14,650)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(14,650)</b>	<b>14,650</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,001	(25)	(38,960)	63,275	-	(2,119)
Cash and investments - beginning	-	25	38,960	-	-	2,119
Cash and investments - ending	\$ 1,001	\$ -	\$ -	\$ 63,275	\$ -	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,001	\$ -	\$ -	\$ 63,275	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,001</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,275</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,001	-	-	63,275	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,001</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 63,275</b>	<b>\$ -</b>	<b>\$ -</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 For the Year Ended June 30, 2006  
 (Continued)

	Drug Free Schools 2003-2004	Drug Free Schools 2004-2005	Drug Free Schools 2005-2006	Vocational Grant (Perkins)	Tech Prep 2004-2005	Tech Prep 2005-2006
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	1,520	30,681
Federal sources	-	-	16,703	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>16,703</b>	<b>-</b>	<b>1,520</b>	<b>30,681</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	705	1,573	30,679
Support services	67	1,800	15,099	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>67</b>	<b>1,800</b>	<b>15,099</b>	<b>705</b>	<b>1,573</b>	<b>30,679</b>
Excess (deficiency) of receipts over disbursements	(67)	(1,800)	1,604	(705)	(53)	2
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(67)	(1,800)	1,604	(705)	(53)	2
Cash and investments - beginning	67	1,800	-	705	53	-
Cash and investments - ending	\$ -	\$ -	\$ 1,604	\$ -	\$ -	\$ 2
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ 1,604	\$ -	\$ -	\$ 2
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,604</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	1,604	-	-	2
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 1,604</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 For the Year Ended June 30, 2006  
 (Continued)

	Hurricane Education Recovery	No Child Left Behind	Enhanced Education Thru Technology	Public Charter School ESEA Title X	Retirement/ Severance Bonds	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 440,046	\$ 957,523
Intermediate sources	-	-	-	-	-	881
State sources	-	-	-	-	-	199,246
Federal sources	7,000	143,636	9,954	26,290	-	1,173,034
Sale of property, adjustments and refunds	-	-	-	-	-	931
Interfund loans	-	-	-	-	6,000	12,500
<b>Total receipts</b>	<b>7,000</b>	<b>143,636</b>	<b>9,954</b>	<b>26,290</b>	<b>446,046</b>	<b>2,344,115</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	127,421	250	500	-	466,505
Support services	-	3,036	6,841	25,790	-	1,282,831
Community services	-	-	-	-	-	6,542
Nonprogrammed charges	-	-	-	-	-	101,750
Debt services	-	-	-	-	570,000	570,000
Interfund loans	-	-	-	-	6,000	9,000
<b>Total disbursements</b>	<b>-</b>	<b>130,457</b>	<b>7,091</b>	<b>26,290</b>	<b>576,000</b>	<b>2,436,628</b>
Excess (deficiency) of receipts over disbursements	7,000	13,179	2,863	-	(129,954)	(92,513)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	63,302
Transfers out	-	-	-	-	-	(111,954)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(48,652)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,000	13,179	2,863	-	(129,954)	(141,165)
Cash and investments - beginning	-	3,360	-	-	147,995	560,672
Cash and investments - ending	\$ 7,000	\$ 16,539	\$ 2,863	\$ -	\$ 18,041	\$ 419,507
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 7,000	\$ 16,539	\$ 2,863	\$ -	\$ -	\$ 401,466
Restricted assets:						
Cash and investments	-	-	-	-	18,041	18,041
<b>Total cash and investment assets - ending</b>	<b>\$ 7,000</b>	<b>\$ 16,539</b>	<b>\$ 2,863</b>	<b>\$ -</b>	<b>\$ 18,041</b>	<b>\$ 419,507</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 18,041	\$ 18,041
Unrestricted	7,000	16,539	2,863	-	-	401,466
<b>Total cash and investment fund balance - ending</b>	<b>\$ 7,000</b>	<b>\$ 16,539</b>	<b>\$ 2,863</b>	<b>\$ -</b>	<b>\$ 18,041</b>	<b>\$ 419,507</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Education Plate Fee Fund	Alternative Education 2005-2006	Drug Free Community Grant
Receipts:						
Local sources	\$ 11,561	\$ 300,458	\$ 201,050	\$ -	\$ -	\$ 4,500
Intermediate sources	-	-	-	994	-	-
State sources	81,678	7,093	50,073	-	5,849	-
Federal sources	-	462,205	-	-	-	-
Sale of property, adjustments and refunds	-	333	11,168	-	-	-
Interfund loans	3,000	-	-	-	-	-
<b>Total receipts</b>	<b>96,239</b>	<b>770,089</b>	<b>262,291</b>	<b>994</b>	<b>5,849</b>	<b>4,500</b>
Disbursements:						
Current:						
Instruction	-	-	-	-	10,612	-
Support services	-	776,373	200,828	563	-	1,500
Community services	-	-	-	-	-	-
Nonprogrammed charges	89,750	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	6,500	-	-	-	-	-
<b>Total disbursements</b>	<b>96,250</b>	<b>776,373</b>	<b>200,828</b>	<b>563</b>	<b>10,612</b>	<b>1,500</b>
Excess (deficiency) of receipts over disbursements	(11)	(6,284)	61,463	431	(4,763)	3,000
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11)	(6,284)	61,463	431	(4,763)	3,000
Cash and investments - beginning	304	192,838	101,114	1,088	4,763	-
Cash and investments - ending	<u>\$ 293</u>	<u>\$ 186,554</u>	<u>\$ 162,577</u>	<u>\$ 1,519</u>	<u>\$ -</u>	<u>\$ 3,000</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 293	\$ 186,554	\$ 162,577	\$ 1,519	\$ -	\$ 3,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 293</b>	<b>\$ 186,554</b>	<b>\$ 162,577</b>	<b>\$ 1,519</b>	<b>\$ -</b>	<b>\$ 3,000</b>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	293	186,554	162,577	1,519	-	3,000
<b>Total cash and investment fund balance - ending</b>	<b>\$ 293</b>	<b>\$ 186,554</b>	<b>\$ 162,577</b>	<b>\$ 1,519</b>	<b>\$ -</b>	<b>\$ 3,000</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Gifted/Talented 2005-2006	Gifted/Talented 2006-2007	Non-English Speaking Program 2006-2007	Technical Planning Grant	Tobacco Prevention	Southern IN Networks for Education
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 20,600
Intermediate sources	-	-	-	-	-	-
State sources	-	14,774	3,029	97,092	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>14,774</b>	<b>3,029</b>	<b>97,092</b>	<b>-</b>	<b>20,600</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	12,103	3,029	-	-	-
Support services	-	-	-	-	6,678	13,410
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>12,103</b>	<b>3,029</b>	<b>-</b>	<b>6,678</b>	<b>13,410</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>2,671</b>	<b>-</b>	<b>97,092</b>	<b>(6,678)</b>	<b>7,190</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>2,671</b>	<b>-</b>	<b>97,092</b>	<b>(6,678)</b>	<b>7,190</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,678</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 2,671</b>	<b>\$ -</b>	<b>\$ 97,092</b>	<b>\$ -</b>	<b>\$ 7,190</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 2,671	\$ -	\$ 97,092	\$ -	\$ 7,190
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 2,671</b>	<b>\$ -</b>	<b>\$ 97,092</b>	<b>\$ -</b>	<b>\$ 7,190</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,671	-	97,092	-	7,190
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 2,671</b>	<b>\$ -</b>	<b>\$ 97,092</b>	<b>\$ -</b>	<b>\$ 7,190</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Middle School Grants from SINE	Ruby Payne Mini-Grant (SINE)	Title I 2005-2006	Title I 2006-2007	School Improvement Title I	Title V 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	40,450	398,590	18,948	4,799
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>40,450</b>	<b>398,590</b>	<b>18,948</b>	<b>4,799</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	46,199	250,468	15,318	-
Support services	2,397	273	35,447	132,817	954	4,799
Community services	-	-	-	1,327	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,397</b>	<b>273</b>	<b>81,646</b>	<b>384,612</b>	<b>16,272</b>	<b>4,799</b>
Excess (deficiency) of receipts over disbursements	(2,397)	(273)	(41,196)	13,978	2,676	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	22,080	-	-
Transfers out	-	-	(22,080)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(22,080)</b>	<b>22,080</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,397)	(273)	(63,276)	36,058	2,676	-
Cash and investments - beginning	2,397	1,001	63,275	-	-	-
Cash and investments - ending	\$ -	\$ 728	\$ (1)	\$ 36,058	\$ 2,676	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 728	\$ (1)	\$ 36,058	\$ 2,676	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 728</b>	<b>\$ (1)</b>	<b>\$ 36,058</b>	<b>\$ 2,676</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	728	(1)	36,058	2,676	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 728</b>	<b>\$ (1)</b>	<b>\$ 36,058</b>	<b>\$ 2,676</b>	<b>\$ -</b>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Drug Free Schools 2005-2006	Drug Free Schools 2006-2007	Tech Prep 2005-2006	Tech Prep 2006-2007	Hurricane Education Recovery	No Child Left Behind
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	17,319	37,671	-	-
Federal sources	-	12,366	-	-	3,500	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>12,366</b>	<b>17,319</b>	<b>37,671</b>	<b>3,500</b>	<b>-</b>
Disbursements:						
Current:						
Instruction	-	-	17,321	32,654	10,500	16,539
Support services	1,604	7,830	-	-	-	-
Community services	-	986	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,604</b>	<b>8,816</b>	<b>17,321</b>	<b>32,654</b>	<b>10,500</b>	<b>16,539</b>
Excess (deficiency) of receipts over disbursements	(1,604)	3,550	(2)	5,017	(7,000)	(16,539)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,604)	3,550	(2)	5,017	(7,000)	(16,539)
Cash and investments - beginning	1,604	-	2	-	7,000	16,539
Cash and investments - ending	<u>\$ -</u>	<u>\$ 3,550</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 3,550	\$ -	\$ 5,017	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 3,550</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	3,550	-	5,017	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 3,550</u>	<u>\$ -</u>	<u>\$ 5,017</u>	<u>\$ -</u>	<u>\$ -</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2007  
 (Continued)

	Enhanced Education Thru Technology	Improving Teacher Quality	English Language and Enhancement	Retirement/ Severance Bonds	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ 613,249	\$ 1,151,418
Intermediate sources	-	-	-	-	994
State sources	-	-	-	-	314,578
Federal sources	-	136,635	36,285	-	1,113,778
Sale of property, adjustments and refunds	-	-	-	-	11,501
Interfund loans	-	-	-	-	3,000
<b>Total receipts</b>	<b>-</b>	<b>136,635</b>	<b>36,285</b>	<b>613,249</b>	<b>2,595,269</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	117,486	700	-	532,929
Support services	2,863	2,362	35,585	-	1,226,283
Community services	-	-	-	-	2,313
Nonprogrammed charges	-	-	-	-	89,750
Debt services	-	-	-	600,000	600,000
Interfund loans	-	-	-	-	6,500
<b>Total disbursements</b>	<b>2,863</b>	<b>119,848</b>	<b>36,285</b>	<b>600,000</b>	<b>2,457,775</b>
Excess (deficiency) of receipts over disbursements	(2,863)	16,787	-	13,249	137,494
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	22,080
Transfers out	-	-	-	-	(22,080)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,863)	16,787	-	13,249	137,494
Cash and investments - beginning	2,863	-	-	18,041	419,507
Cash and investments - ending	\$ -	\$ 16,787	\$ -	\$ 31,290	\$ 557,001
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ 16,787	\$ -	\$ -	\$ 525,711
Restricted assets:					
Cash and investments	-	-	-	31,290	31,290
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 16,787</b>	<b>\$ -</b>	<b>\$ 31,290</b>	<b>\$ 557,001</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 31,290	\$ 31,290
Unrestricted	-	16,787	-	-	525,711
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 16,787</b>	<b>\$ -</b>	<b>\$ 31,290</b>	<b>\$ 557,001</b>

# Washington Community Schools, Inc.

OFFICE OF THE SUPERINTENDENT

WASHINGTON, INDIANA 47501

## WASHINGTON COMMUNITY SCHOOLS, INC. SUPPLEMENTARY INFORMATION SCHEDULE OF CAPITAL ASSETS

For the Year Ended June 30, 2007

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 730,908
Buildings	17,136,873
Improvements other than buildings	3,069,666
Machinery and equipment	<u>1,742,721</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 22,680,168</u>

# Washington Community Schools, Inc.

OFFICE OF THE SUPERINTENDENT

WASHINGTON, INDIANA 47501

WASHINGTON COMMUNITY SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
June 30, 2007

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
North Elementary	\$ 315,000	\$ 327,500
Griffith Elementary	5,071,498	520,000
Jr./Sr. High School Renovation Project	30,896,000	776,500
Bonds payable:		
General obligation bonds:		
1997 Sports Complex	185,000	189,764
Retirement Bonds Series 8A	8,192,412	350,000
Total governmental activities debt	<u>\$ 44,659,910</u>	<u>\$ 2,163,764</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
AUDIT RESULTS AND COMMENTS

FUND SOURCES AND USES

Funds were disbursed from Capital Projects Fund for pest control, window washing, and trash pick-up.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ECA EDUCATIONAL FEES

Some educational fees were being receipted to and retained in the extra-curricular Textbook Rental Fund. The unit could not provide documentation to support the fees charged.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



# STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE WASHINGTON COMMUNITY  
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

### Compliance

We have audited the compliance of the Washington Community Schools, Inc. (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007.

### Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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

on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

STATE BOARD OF ACCOUNTS

March 10, 2008

WASHINGTON COMMUNITY SCHOOLS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 111,477	\$ 115,259
National School Lunch Program	10.555		<u>383,906</u>	<u>397,901</u>
Total for Federal Grantor Agency			<u>495,383</u>	<u>513,160</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
FY 04-05	84.010	05-1405	88,410	-
FY 05-06		06-1405	392,780	103,726
FY 06-07		07-1405	<u>-</u>	<u>400,884</u>
Total for program			<u>481,190</u>	<u>504,610</u>
Vocational Education - Basic Grants to States				
FY 05-06	84.048	05-1353-1405	<u>705</u>	<u>-</u>
Drug Free Schools and Communities - State Grants				
FY 04-05	84.186		1,867	-
FY 05-06			15,099	1,604
FY 06-07			<u>-</u>	<u>8,817</u>
Total for program			<u>16,966</u>	<u>10,421</u>
Tech-Prep Education				
FY 04-05	84.243		1,573	-
FY 05-06			30,679	17,321
FY 06-07			<u>-</u>	<u>32,654</u>
Total for program			<u>32,252</u>	<u>49,975</u>
State Grants for Innovative Programs				
FY 05-06	84.298	06-008	9,844	-
FY 06-07		07-008	<u>-</u>	<u>4,799</u>
Total for program			<u>9,844</u>	<u>4,799</u>
Education Technology State Grants				
FY 05-06	84.318		130,457	16,539
FY 06-07			7,091	2,863
			<u>-</u>	<u>-</u>
Total for program			<u>137,548</u>	<u>19,402</u>
English Language Acquisition Grants				
FY 05-06	84.365		<u>26,290</u>	<u>-</u>
Improving Teacher Quality State Grants				
FY 06-07	84.367	07-007	<u>-</u>	<u>156,132</u>
Hurricane Education Recovery				
FY 06-07	84.938		<u>-</u>	<u>10,500</u>
Total for Federal Grantor Agency			<u>704,795</u>	<u>755,839</u>
<u>CORPORATION FOR NATIONAL SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America - School and Community Based Programs				
FY 05-06	94.004		<u>2,119</u>	<u>-</u>
Total Federal Awards Expended			<u>\$ 1,202,297</u>	<u>\$ 1,268,999</u>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Washington Community Schools, Inc. (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
School Breakfast Program	10.553	\$ 5,134	\$ 11,445
National School Lunch Program	10.555	17,498	39,510

WASHINGTON COMMUNITY SCHOOLS, INC.  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

WASHINGTON COMMUNITY SCHOOLS, INC.  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WASHINGTON COMMUNITY SCHOOLS, INC.  
EXIT CONFERENCE

The contents of this report were discussed on March 10, 2008, with Jean Kane, Treasurer; Dr. Bruce Hatton, Superintendent of Schools; and Gary Williams, President of the School Board. The officials concurred with our audit findings.