

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WASHINGTON COMMUNITY SCHOOLS, INC.  
DAVISS COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

02/24/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jean Kane Carrie Alford	07-01-09 to 06-30-10 07-01-10 to 06-30-12
Superintendent of Schools	Dr. William B. Hatton	07-01-09 to 06-30-12
President of the School Board	Steve Frette	07-01-09 to 06-30-12



**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 THE FINANCIAL STATEMENT  
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 statement of the Washington Community Schools, Inc. (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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.

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 years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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 Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

February 7, 2012



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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Telephone: (317) 232-2513  
Fax: (317) 232-4711  
Web Site: [www.in.gov/sboa](http://www.in.gov/sboa)

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 WASHINGTON COMMUNITY  
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

We have audited the financial statement of the Washington Community Schools, Inc. (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 7, 2012. 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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 misstatements, 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, School Board, others within the entity, 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

February 7, 2012

## FINANCIAL STATEMENT

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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WASHINGTON COMMUNITY SCHOOLS, INC.  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
General	\$ 4,565,265	\$ 21,382,473	\$ 20,676,555	\$ 77,594	\$ 5,348,777	\$ 21,796,026	\$ 22,783,733	\$ 550,000	\$ 4,911,070
Debt Service	(573,516)	3,556,651	2,066,217	(500,000)	416,918	2,509,258	2,237,333	(356,601)	332,242
Retirement/Severance Bond Debt Service	(289,246)	1,160,537	830,001	-	41,290	828,609	885,000	16,000	899
Capital Projects	(904,099)	2,432,792	1,961,507	440,000	7,186	1,858,909	1,730,589	(61,922)	73,584
School Transportation	(360,774)	1,071,199	761,219	60,000	9,206	751,860	829,695	69,666	1,037
School Bus Replacement	9,847	49,990	-	(50,000)	9,837	171,346	91,062	5,382	95,503
Special Education Preschool	6,720	48,125	(4,250)	(59,095)	-	-	-	-	-
Rainy Day	1,026,678	-	741,740	50,000	334,938	500,000	270,281	82,000	646,657
Post-Retirement/Severance Future Benefits	300,685	44,337	212,970	-	132,052	1,501	121,325	-	12,228
School Lunch	70,805	1,038,782	1,026,386	-	83,201	1,144,812	1,127,130	-	100,883
Textbook Rental	206,381	279,702	245,038	10,379	251,424	292,809	132,498	-	411,735
Levy Excess	18,499	-	-	(18,499)	-	24,798	-	(24,798)	-
Educational License Plates	769	263	802	-	230	188	80	-	338
Alternative Education	-	7,457	7,457	-	-	10,365	-	-	10,365
Drug Free Community Grant - Daviess County	2,185	3,285	4,623	-	847	3,200	2,159	-	1,888
United Way Book Donation	-	21,850	-	-	21,850	-	11,082	-	10,768
Griffith/Davis Foundation Grant	-	-	-	-	-	5,000	195	-	4,805
High Ability Grant 2009-10	-	35,660	34,631	-	1,029	-	1,029	-	-
High Ability Grant 2010-11	-	-	-	-	-	35,125	28,618	-	6,507
Teacher Quality Improvement Program	-	-	-	-	-	7,000	2,000	-	5,000
Non-English Speaking Programs 2009-10	-	23,147	22,920	-	227	-	227	-	-
Non-English Speaking Programs 2010-11	-	-	-	-	-	22,899	1,384	-	21,515
Math Innovation Grant	-	-	15,000	-	(15,000)	96,846	81,846	-	-
Excess PTRC Distributions	-	93,023	-	-	93,023	186,704	-	(279,727)	-
Title I 2008-09	48,576	46,350	65,609	(29,317)	-	-	-	-	-
Title I 2009-10	-	530,433	500,710	29,317	59,040	54,989	83,734	(30,295)	-
Title I 2010-11	-	-	-	-	-	505,644	543,962	30,295	(8,023)
Title I Migrant 2008-09	-	1,787	1,787	-	-	-	-	-	-
Title I Migrant 2009-10	-	179,525	81,456	-	98,069	4,950	103,019	-	-
Title I Migrant 2010-11	-	-	-	-	-	47,719	47,719	-	-
Drug Free Schools 2007-08	604	-	604	-	-	-	-	-	-
Drug Free Schools 2008-09	2,000	-	2,000	-	-	-	-	-	-
Drug Free Schools 2009-10	-	9,955	9,955	-	-	2,000	2,000	-	-
Title II D Ed Tech Grant 2008-09	5,060	25,811	14,453	-	16,418	41,533	16,418	(41,533)	-
Title III Language Instruction 2008-09	2,032	-	2,032	-	-	-	-	-	-
Title III Language Instruction 2009-10	-	20,541	15,927	-	4,614	-	4,614	-	-
Title III Language Instruction 2010-11	-	-	-	-	-	19,774	19,859	-	(85)
Title II A Improving Teacher Quality 2008-09	23,556	-	23,556	-	-	-	-	-	-
Title II A Improving Teacher Quality 2009-10	-	144,852	130,820	-	14,032	-	14,032	-	-
Title II A Improving Teacher Quality 2010-11	-	-	-	-	-	125,594	119,716	-	5,878
Fiscal Stabilization	961,270	500,785	1,462,055	-	-	-	-	-	-
Title I - Grants to LEAs - Stimulus	-	147,290	130,642	-	16,648	147,251	153,118	-	10,781
Education Technology	-	105,803	61,487	-	44,316	67,091	129,144	41,533	23,796
School Lunch Equipment	-	36,325	36,325	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	465,931	465,931	-	-
<b>Totals</b>	<b>\$ 5,123,297</b>	<b>\$ 32,998,730</b>	<b>\$ 31,142,234</b>	<b>\$ 10,379</b>	<b>\$ 6,990,172</b>	<b>\$ 31,729,731</b>	<b>\$ 32,040,532</b>	<b>\$ -</b>	<b>\$ 6,679,371</b>

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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 regulatory basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

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

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

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

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

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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

*E. Disbursements*

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

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

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

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

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

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

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

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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

*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 which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

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

**Note 4. Deposits and Investments**

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

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

**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. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

**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 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 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:

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

Indiana Public Retirement System  
1 North Capital Street, 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.

*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  
1 North Capital Street, 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

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

The supplementary information presented was prepared and/or approved by management of the School Corporation. It is presented as intended by the School Corporation.

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Post Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 4,565,265	\$ (573,516)	\$ (289,246)	\$ (904,099)	\$ (360,774)	\$ 9,847	\$ 6,720	\$ 1,026,678	\$ 300,685	\$ 70,805
Receipts:										
Local sources	241,918	3,446,651	1,117,143	2,332,792	1,062,987	49,990	-	-	6,619	340,336
Intermediate sources	26,891	-	-	-	-	-	-	-	-	-
State sources	15,017,369	110,000	43,394	100,000	3,000	-	48,125	-	37,718	6,381
Federal sources	46,355	-	-	-	-	-	-	-	-	692,065
Temporary loans	6,000,000	-	-	-	-	-	-	-	-	-
Other	49,940	-	-	-	5,212	-	-	-	-	-
Total receipts	<u>21,382,473</u>	<u>3,556,651</u>	<u>1,160,537</u>	<u>2,432,792</u>	<u>1,071,199</u>	<u>49,990</u>	<u>48,125</u>	<u>-</u>	<u>44,337</u>	<u>1,038,782</u>
Disbursements:										
Current:										
Instruction	8,432,668	-	-	-	-	-	-	-	-	-
Support services	4,137,024	-	-	1,006,586	761,219	-	-	741,740	212,970	-
Noninstructional services	97,274	-	-	-	-	-	-	-	-	1,026,386
Facilities acquisition and construction	-	-	-	954,921	-	-	-	-	-	-
Debt services	6,000,000	2,066,217	830,001	-	-	-	-	-	-	-
Nonprogrammed charges	2,009,589	-	-	-	-	-	(4,250)	-	-	-
Total disbursements	<u>20,676,555</u>	<u>2,066,217</u>	<u>830,001</u>	<u>1,961,507</u>	<u>761,219</u>	<u>-</u>	<u>(4,250)</u>	<u>741,740</u>	<u>212,970</u>	<u>1,026,386</u>
Excess (deficiency) of receipts over disbursements	<u>705,918</u>	<u>1,490,434</u>	<u>330,536</u>	<u>471,285</u>	<u>309,980</u>	<u>49,990</u>	<u>52,375</u>	<u>(741,740)</u>	<u>(168,633)</u>	<u>12,396</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	77,594	-	-	440,000	60,000	-	-	550,000	-	-
Transfers out	-	(500,000)	-	-	-	(50,000)	(59,095)	(500,000)	-	-
Total other financing sources (uses)	<u>77,594</u>	<u>(500,000)</u>	<u>-</u>	<u>440,000</u>	<u>60,000</u>	<u>(50,000)</u>	<u>(59,095)</u>	<u>50,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>783,512</u>	<u>990,434</u>	<u>330,536</u>	<u>911,285</u>	<u>369,980</u>	<u>(10)</u>	<u>(6,720)</u>	<u>(691,740)</u>	<u>(168,633)</u>	<u>12,396</u>
Cash and investments - ending	<u>\$ 5,348,777</u>	<u>\$ 416,918</u>	<u>\$ 41,290</u>	<u>\$ 7,186</u>	<u>\$ 9,206</u>	<u>\$ 9,837</u>	<u>\$ -</u>	<u>\$ 334,938</u>	<u>\$ 132,052</u>	<u>\$ 83,201</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
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 For the Year Ended June 30, 2010  
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Drug Free Community Grant Davieess County	United Way Book Donation	High Ability Grant 2009-10	Non-English Speaking Programs 2009-10	Math Innovation Grant
Cash and investments - beginning	\$ 206,381	\$ 18,499	\$ 769	\$ -	\$ 2,185	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	181,288	-	-	-	3,285	21,850	-	-	-
Intermediate sources	-	-	263	-	-	-	-	-	-
State sources	98,014	-	-	7,457	-	-	35,660	23,147	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	400	-	-	-	-	-	-	-	-
Total receipts	<u>279,702</u>	<u>-</u>	<u>263</u>	<u>7,457</u>	<u>3,285</u>	<u>21,850</u>	<u>35,660</u>	<u>23,147</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	7,457	-	-	34,631	22,920	-
Support services	245,038	-	802	-	4,623	-	-	-	15,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>245,038</u>	<u>-</u>	<u>802</u>	<u>7,457</u>	<u>4,623</u>	<u>-</u>	<u>34,631</u>	<u>22,920</u>	<u>15,000</u>
Excess (deficiency) of receipts over disbursements	<u>34,664</u>	<u>-</u>	<u>(539)</u>	<u>-</u>	<u>(1,338)</u>	<u>21,850</u>	<u>1,029</u>	<u>227</u>	<u>(15,000)</u>
Other financing sources (uses):									
Sale of capital assets	10,379	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(18,499)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,379</u>	<u>(18,499)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>45,043</u>	<u>(18,499)</u>	<u>(539)</u>	<u>-</u>	<u>(1,338)</u>	<u>21,850</u>	<u>1,029</u>	<u>227</u>	<u>(15,000)</u>
Cash and investments - ending	<u>\$ 251,424</u>	<u>\$ -</u>	<u>\$ 230</u>	<u>\$ -</u>	<u>\$ 847</u>	<u>\$ 21,850</u>	<u>\$ 1,029</u>	<u>\$ 227</u>	<u>\$ (15,000)</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
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 (Continued)

	Excess PTRC Distributions	Title I 2008-09	Title I 2009-10	Title I Migrant 2008-09	Title I Migrant 2009-10	Drug Free Schools 2007-08	Drug Free Schools 2008-09	Drug Free Schools 2009-10	Title II D Ed Tech Grant 2008-09
Cash and investments - beginning	\$ -	\$ 48,576	\$ -	\$ -	\$ -	\$ 604	\$ 2,000	\$ -	\$ 5,060
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	93,023	-	-	-	-	-	-	-	-
Federal sources	-	46,350	530,433	1,787	179,525	-	-	9,955	25,811
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	93,023	46,350	530,433	1,787	179,525	-	-	9,955	25,811
Disbursements:									
Current:									
Instruction	-	65,609	448,246	-	-	-	-	-	-
Support services	-	-	46,112	1,787	81,456	604	-	9,955	14,453
Noninstructional services	-	-	6,352	-	-	-	2,000	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	65,609	500,710	1,787	81,456	604	2,000	9,955	14,453
Excess (deficiency) of receipts over disbursements	93,023	(19,259)	29,723	-	98,069	(604)	(2,000)	-	11,358
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	29,317	-	-	-	-	-	-
Transfers out	-	(29,317)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(29,317)	29,317	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	93,023	(48,576)	59,040	-	98,069	(604)	(2,000)	-	11,358
Cash and investments - ending	\$ 93,023	\$ -	\$ 59,040	\$ -	\$ 98,069	\$ -	\$ -	\$ -	\$ 16,418

WASHINGTON COMMUNITY SCHOOLS, INC.  
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 For the Year Ended June 30, 2010  
 (Continued)

	Title III Language Instruction 2008-09	Title III Language Instruction 2009-10	Title II A Improving Teacher Quality 2008-09	Title II A Improving Teacher Quality 2009-10	Fiscal Stabilization	Title I Grants to LEAs Stimulus	Education Technology	School Lunch Equipment	Totals
Cash and investments - beginning	\$ 2,032	\$ -	\$ 23,556	\$ -	\$ 961,270	\$ -	\$ -	\$ -	\$ 5,123,297
Receipts:									
Local sources	-	-	-	-	-	-	-	-	8,804,859
Intermediate sources	-	-	-	-	-	-	-	-	27,154
State sources	-	-	-	-	-	-	-	-	15,623,288
Federal sources	-	20,541	-	144,852	500,785	147,290	105,803	36,325	2,487,877
Temporary loans	-	-	-	-	-	-	-	-	6,000,000
Other	-	-	-	-	-	-	-	-	55,552
Total receipts	<u>-</u>	<u>20,541</u>	<u>-</u>	<u>144,852</u>	<u>500,785</u>	<u>147,290</u>	<u>105,803</u>	<u>36,325</u>	<u>32,998,730</u>
Disbursements:									
Current:									
Instruction	-	-	23,556	129,124	1,136,003	54,380	-	-	10,354,594
Support services	2,032	15,927	-	1,696	326,052	76,187	61,487	-	7,762,750
Noninstructional services	-	-	-	-	-	75	-	36,325	1,168,412
Facilities acquisition and construction	-	-	-	-	-	-	-	-	954,921
Debt services	-	-	-	-	-	-	-	-	8,896,218
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,005,339
Total disbursements	<u>2,032</u>	<u>15,927</u>	<u>23,556</u>	<u>130,820</u>	<u>1,462,055</u>	<u>130,642</u>	<u>61,487</u>	<u>36,325</u>	<u>31,142,234</u>
Excess (deficiency) of receipts over disbursements	<u>(2,032)</u>	<u>4,614</u>	<u>(23,556)</u>	<u>14,032</u>	<u>(961,270)</u>	<u>16,648</u>	<u>44,316</u>	<u>-</u>	<u>1,856,496</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	10,379
Transfers in	-	-	-	-	-	-	-	-	1,156,911
Transfers out	-	-	-	-	-	-	-	-	(1,156,911)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,379</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,032)</u>	<u>4,614</u>	<u>(23,556)</u>	<u>14,032</u>	<u>(961,270)</u>	<u>16,648</u>	<u>44,316</u>	<u>-</u>	<u>1,866,875</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,614</u>	<u>\$ -</u>	<u>\$ 14,032</u>	<u>\$ -</u>	<u>\$ 16,648</u>	<u>\$ 44,316</u>	<u>\$ -</u>	<u>\$ 6,990,172</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
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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	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 5,348,777	\$ 416,918	\$ 41,290	\$ 7,186	\$ 9,206	\$ 9,837	\$ 334,938	\$ 132,052	\$ 83,201	\$ 251,424
Receipts:										
Local sources	119,409	2,509,258	828,609	1,794,343	743,822	171,346	-	1,501	376,767	197,792
Intermediate sources	19	-	-	-	-	-	-	-	-	-
State sources	15,569,389	-	-	-	-	-	-	-	7,076	94,317
Federal sources	62,134	-	-	-	-	-	-	-	760,969	-
Temporary loans	6,000,000	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	500,000	-	-	-
Other	45,075	-	-	64,566	8,038	-	-	-	-	700
Total receipts	<u>21,796,026</u>	<u>2,509,258</u>	<u>828,609</u>	<u>1,858,909</u>	<u>751,860</u>	<u>171,346</u>	<u>500,000</u>	<u>1,501</u>	<u>1,144,812</u>	<u>292,809</u>
Disbursements:										
Current:										
Instruction	10,161,423	-	-	-	-	-	-	-	-	-
Support services	4,448,316	-	-	978,678	769,695	91,062	270,281	121,325	-	132,498
Noninstructional services	103,800	-	-	-	-	-	-	-	1,127,130	-
Facilities acquisition and construction	-	-	-	311,911	-	-	-	-	-	-
Debt services	6,000,000	2,237,333	885,000	-	-	-	-	-	-	-
Nonprogrammed charges	2,070,194	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	440,000	60,000	-	-	-	-	-
Total disbursements	<u>22,783,733</u>	<u>2,237,333</u>	<u>885,000</u>	<u>1,730,589</u>	<u>829,695</u>	<u>91,062</u>	<u>270,281</u>	<u>121,325</u>	<u>1,127,130</u>	<u>132,498</u>
Excess (deficiency) of receipts over disbursements	<u>(987,707)</u>	<u>271,925</u>	<u>(56,391)</u>	<u>128,320</u>	<u>(77,835)</u>	<u>80,284</u>	<u>229,719</u>	<u>(119,824)</u>	<u>17,682</u>	<u>160,311</u>
Other financing sources (uses):										
Transfers in	550,000	(106,601)	16,000	88,078	69,666	5,382	632,000	-	-	-
Transfers out	-	(250,000)	-	(150,000)	-	-	(550,000)	-	-	-
Total other financing sources (uses)	<u>550,000</u>	<u>(356,601)</u>	<u>16,000</u>	<u>(61,922)</u>	<u>69,666</u>	<u>5,382</u>	<u>82,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(437,707)</u>	<u>(84,676)</u>	<u>(40,391)</u>	<u>66,398</u>	<u>(8,169)</u>	<u>85,666</u>	<u>311,719</u>	<u>(119,824)</u>	<u>17,682</u>	<u>160,311</u>
Cash and investments - ending	<u>\$ 4,911,070</u>	<u>\$ 332,242</u>	<u>\$ 899</u>	<u>\$ 73,584</u>	<u>\$ 1,037</u>	<u>\$ 95,503</u>	<u>\$ 646,657</u>	<u>\$ 12,228</u>	<u>\$ 100,883</u>	<u>\$ 411,735</u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
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 (Continued)

	Levy Excess	Educational License Plates	Alternative Education	Drug Free Community Grant Daviess County	United Way Book Donation	Griffith/Davis Foundation Grant	High Ability Grant 2009-10	High Ability Grant 2010-11	Teacher Quality Improvement Program
Cash and investments - beginning	\$ -	\$ 230	\$ -	\$ 847	\$ 21,850	\$ -	\$ 1,029	\$ -	\$ -
Receipts:									
Local sources	24,798	-	-	3,200	-	5,000	-	-	-
Intermediate sources	-	188	-	-	-	-	-	-	-
State sources	-	-	10,365	-	-	-	-	35,125	7,000
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>24,798</u>	<u>188</u>	<u>10,365</u>	<u>3,200</u>	<u>-</u>	<u>5,000</u>	<u>-</u>	<u>35,125</u>	<u>7,000</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	1,029	28,618	2,000
Support services	-	80	-	2,159	11,082	195	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>80</u>	<u>-</u>	<u>2,159</u>	<u>11,082</u>	<u>195</u>	<u>1,029</u>	<u>28,618</u>	<u>2,000</u>
Excess (deficiency) of receipts over disbursements	<u>24,798</u>	<u>108</u>	<u>10,365</u>	<u>1,041</u>	<u>(11,082)</u>	<u>4,805</u>	<u>(1,029)</u>	<u>6,507</u>	<u>5,000</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	<u>(24,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(24,798)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>108</u>	<u>10,365</u>	<u>1,041</u>	<u>(11,082)</u>	<u>4,805</u>	<u>(1,029)</u>	<u>6,507</u>	<u>5,000</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 338</u>	<u>\$ 10,365</u>	<u>\$ 1,888</u>	<u>\$ 10,768</u>	<u>\$ 4,805</u>	<u>\$ -</u>	<u>\$ 6,507</u>	<u>\$ 5,000</u>

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
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 (Continued)

	Non-English Speaking Programs 2009-10	Non-English Speaking Programs 2010-11	Math Innovation Grant	Excess PTRC Distributions	Title I 2009-10	Title I 2010-11	Title I Migrant 2009-10	Title I Migrant 2010-11	Drug Free Schools 2009-10
Cash and investments - beginning	\$ 227	\$ -	\$ (15,000)	\$ 93,023	\$ 59,040	\$ -	\$ 98,069	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	22,899	96,846	186,704	-	-	-	-	-
Federal sources	-	-	-	-	54,989	505,644	4,950	47,719	2,000
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	22,899	96,846	186,704	54,989	505,644	4,950	47,719	2,000
Disbursements:									
Current:									
Instruction	227	1,384	-	-	77,291	471,652	-	-	-
Support services	-	-	81,846	-	6,443	67,552	95,038	42,724	601
Noninstructional services	-	-	-	-	-	4,758	7,981	4,995	1,399
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	227	1,384	81,846	-	83,734	543,962	103,019	47,719	2,000
Excess (deficiency) of receipts over disbursements	(227)	21,515	15,000	186,704	(28,745)	(38,318)	(98,069)	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	30,295	-	-	-
Transfers out	-	-	-	(279,727)	(30,295)	-	-	-	-
Total other financing sources (uses)	-	-	-	(279,727)	(30,295)	30,295	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(227)	21,515	15,000	(93,023)	(59,040)	(8,023)	(98,069)	-	-
Cash and investments - ending	\$ -	\$ 21,515	\$ -	\$ -	\$ -	\$ (8,023)	\$ -	\$ -	\$ -

WASHINGTON COMMUNITY SCHOOLS, INC.  
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 (Continued)

	Title II D Ed Tech Grant 2008-09	Title III Language Instruction 2009-10	Title III Language Instruction 2010-11	Title II A Improving Teacher Quality 2009-10	Title II A Improving Teacher Quality 2010-11	Title I Grants to LEAs Stimulus	Education Technology	Education Jobs	Totals
Cash and investments - beginning	\$ 16,418	\$ 4,614	\$ -	\$ 14,032	\$ -	\$ 16,648	\$ 44,316	\$ -	\$ 6,990,172
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,775,845
Intermediate sources	-	-	-	-	-	-	-	-	207
State sources	-	-	-	-	-	-	-	-	16,029,721
Federal sources	41,533	-	19,774	-	125,594	147,251	67,091	465,931	2,305,579
Temporary loans	-	-	-	-	-	-	-	-	6,000,000
Interfund loans	-	-	-	-	-	-	-	-	500,000
Other	-	-	-	-	-	-	-	-	118,379
Total receipts	41,533	-	19,774	-	125,594	147,251	67,091	465,931	31,729,731
Disbursements:									
Current:									
Instruction	-	-	-	14,032	119,716	68,511	-	-	10,945,883
Support services	16,418	4,614	19,859	-	-	84,607	129,144	465,931	7,840,148
Noninstructional services	-	-	-	-	-	-	-	-	1,250,063
Facilities acquisition and construction	-	-	-	-	-	-	-	-	311,911
Debt services	-	-	-	-	-	-	-	-	9,122,333
Nonprogrammed charges	-	-	-	-	-	-	-	-	2,070,194
Interfund loans	-	-	-	-	-	-	-	-	500,000
Total disbursements	16,418	4,614	19,859	14,032	119,716	153,118	129,144	465,931	32,040,532
Excess (deficiency) of receipts over disbursements	25,115	(4,614)	(85)	(14,032)	5,878	(5,867)	(62,053)	-	(310,801)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	41,533	-	1,326,353
Transfers out	(41,533)	-	-	-	-	-	-	-	(1,326,353)
Total other financing sources (uses)	(41,533)	-	-	-	-	-	41,533	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,418)	(4,614)	(85)	(14,032)	5,878	(5,867)	(20,520)	-	(310,801)
Cash and investments - ending	\$ -	\$ -	\$ (85)	\$ -	\$ 5,878	\$ 10,781	\$ 23,796	\$ -	\$ 6,679,371

WASHINGTON COMMUNITY SCHOOLS, INC.  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2011

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>
Capital assets, not being depreciated:	
Land	\$ 363,028
Buildings	36,009,107
Improvements other than buildings	3,186,999
Machinery and equipment	<u>2,181,358</u>
 Total capital assets not being depreciated	 <u><u>\$ 41,740,492</u></u>

WASHINGTON COMMUNITY SCHOOLS, INC.  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Lease agreements:		
Griffith Elementary	\$ 3,731,498	\$ 170,000
Jr/Sr High	17,465,000	290,000
Elementary Schools Improvements	3,991,575	72,425
Bonds payable:		
Retirement Bonds	<u>5,600,378</u>	<u>475,000</u>
Total debt	<u>\$ 30,788,451</u>	<u>\$ 1,007,425</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  
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 program for the years ended June 30, 2010 and 2011. 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 are 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, 2010 and 2011.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in 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 and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the 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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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

February 7, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

WASHINGTON COMMUNITY SCHOOLS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 154,552	\$ 156,214
National School Lunch Program	10.555		<u>564,246</u>	<u>602,705</u>
Total for cluster			<u>718,798</u>	<u>758,919</u>
Child Nutrition Discretionary Grants Limited Availability	10.579		<u>36,325</u>	-
Fresh Fruit and Vegetable Program	10.582		<u>37,426</u>	<u>57,251</u>
Total for Federal Grantor Agency			<u>792,549</u>	<u>816,170</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		2008-09	65,611	-
		2009-10	500,709	83,734
		2010-11	<u>-</u>	<u>543,960</u>
Total for program			566,320	627,694
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		2009-10	<u>130,641</u>	<u>153,117</u>
Total for cluster			<u>696,961</u>	<u>780,811</u>
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318			
		S318X080014	5,060	-
		S318X080014	<u>9,393</u>	<u>16,417</u>
Total for program			<u>14,453</u>	<u>16,417</u>
ARRA - Educational Technology State Grants, Recovery Act	84.386			
		CS310S1405	<u>61,487</u>	<u>129,144</u>
Total for cluster			<u>75,940</u>	<u>145,561</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act	84.394			
		2009-10	<u>1,462,056</u>	-

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

WASHINGTON COMMUNITY SCHOOLS, INC.  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster (continued)				
Migrant Education - State Grant Program	84.011			
		2009-10	81,456	81,136
		2010-11	-	44,724
Total for program			<u>81,456</u>	<u>125,860</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		08-1405	604	-
		09-1405	2,000	-
		10-1405	9,955	2,000
Total for program			<u>12,559</u>	<u>2,000</u>
State Grants for Innovative Programs	84.298			
		07-1405	1,787	-
English Language Acquisition Grants	84.365			
		2008-09	2,032	-
		2009-10	15,926	4,614
		2010-11	-	19,859
Total for program			<u>17,958</u>	<u>24,473</u>
Improving Teacher Quality State Grants	84.367			
		08-1405	23,556	-
		09-1405	130,820	14,032
		10-1405	-	119,716
Total for program			<u>154,376</u>	<u>133,748</u>
ARRA - Education Jobs Fund	84.410			
		2010-11	-	465,931
Total for federal grantor agency			<u>2,503,093</u>	<u>1,678,384</u>
Total federal awards expended			<u>\$ 3,295,642</u>	<u>\$ 2,494,554</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

**Note 1. 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 cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
School Breakfast Program	10.553	\$ 13,795	\$ 11,354
National School Lunch Program	10.555	50,364	43,804

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

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster State Fiscal Stabilization Fund Cluster Education Jobs Fund

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 February 7, 2012, with Carrie Alford, Treasurer; Dr. William B. Hatton, Superintendent of Schools; and Steve Frette, President of the School Board. Our audit disclosed no material items that warrant comment at this time.