

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WABASH CITY SCHOOLS
WABASH COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/07/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Carol A. Smith Michele L. Hough	07-01-09 to 06-30-11 07-01-11 to 06-30-12
Superintendent of Schools	Celia A. Herrell-Shand Jason A. Callahan	07-01-09 to 06-30-11 07-01-11 to 06-30-12
President of the School Board	Steve Weir Jeffrey Knee	07-01-09 to 06-30-10 07-01-10 to 06-30-12



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

TO: THE OFFICIALS OF THE WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

We have audited the accompanying financial statement of the Wabash City Schools (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. The basis of accounting noted above is a different basis than that used in the prior year.

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 January 12, 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.

The School Corporation's response to the Audit Results and Comments identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

January 12, 2012



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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 WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

We have audited the financial statement of the Wabash City Schools (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated January 12, 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 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

January 12, 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.

WABASH CITY SCHOOLS
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	\$ 413,963	\$ 11,670,806	\$ 11,384,088	\$ (52,419)	\$ 648,262	\$ 11,903,479	\$ 12,274,181	\$ 6,293	\$ 283,853
Debt Service	28,261	880,660	610,315	-	298,606	511,579	599,017	2,004	213,172
Capital Projects	441,730	1,352,749	1,011,401	62,524	845,602	855,110	1,005,288	56,831	752,255
Transportation Operating	549,102	647,196	403,208	-	793,090	477,044	417,206	(78,836)	774,092
School Bus Replacement	126,040	169,339	151,371	(58,515)	85,493	131,533	231,455	519	(13,910)
Special Education Preschool	(9,289)	-	48,482	57,771	-	-	-	-	-
Rainy Day	589,000	-	60,000	(2,000)	527,000	-	-	28,000	555,000
Construction	22,551	-	-	-	22,551	-	-	-	22,551
School Lunch	90,354	843,380	825,340	-	108,394	850,223	848,566	-	110,051
Textbook Rental	97,098	153,401	112,304	-	138,195	171,819	149,101	-	160,913
Levy Excess	-	-	-	-	-	-	-	14,472	14,472
Alternative Education	-	995	-	-	995	3,419	2,454	-	1,960
Community Foundation Grant - WHS Geible	8	-	-	-	8	-	-	-	8
Daymude Tutoring Program	3,500	-	-	(3,500)	-	-	-	-	-
Community Foundation Grant - WCM Camp	120	-	-	-	120	-	-	-	120
Community Foundation Grant - Gorman	(5)	-	-	-	(5)	-	-	-	(5)
School Wide Enrichment	1	-	-	-	1	-	-	-	1
Cape / Lilly / Kindergarten Squared Grant	57	-	-	-	57	-	-	-	57
Community Foundation Grant - Door Openers	94	-	-	-	94	-	-	-	94
Scholarships and Awards - Burcroff	-	2,458	200	-	2,258	-	-	-	2,258
Scholarships and Awards - Shand	-	2,074	-	-	2,074	-	-	-	2,074
Dental	2,570	710	433	-	2,847	1,062	2,066	-	1,843
Project Lead the Way Grant	(14,828)	-	1,721	-	(16,549)	-	-	-	(16,549)
Gifted and Talented	2,925	31,142	33,425	-	642	30,675	21,401	-	9,916
Tech Prep	653	-	-	-	653	-	-	-	653
Non-English Speaking	1	1,379	-	-	1,380	1,041	1,380	-	1,041
School Technology	1,090	-	-	-	1,090	-	-	-	1,090
Classroom Innovation in Math	-	-	67,569	-	(67,569)	86,300	18,478	-	253
State Connectivity: Technology	-	-	-	-	-	3,288	5,760	-	(2,472)
Technology Plan Grant	824	-	824	-	-	-	-	-	-
Performance Based Awards	42	-	-	-	42	-	-	-	42
Technology	822	-	-	-	822	-	-	-	822

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

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

	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
CLASS Grant	17	-	-	-	17	-	-	-	17
Town Meeting	52	-	52	-	-	-	-	-	-
Visual and Performing Arts	18,641	31,746	21,909	-	28,478	34,265	39,575	-	23,168
Wabash Valley Youth Orchestra	477	-	63	-	414	-	-	-	414
Excess PTRC Distributions	-	31,507	-	-	31,507	-	-	(22,990)	8,517
Indiana Heritage Arts	87	-	-	-	87	-	-	-	87
ECIA Title I 07-08	20,943	-	-	(20,943)	-	-	-	-	-
ECIA Title I 08-09	31,776	35,001	59,376	(7,401)	-	-	-	-	-
ECIA Title I 09-10	-	280,009	309,151	28,344	(798)	34,278	33,480	-	-
ECIA Title I 10-11	-	-	-	-	-	250,057	282,066	-	(32,009)
Title V Part A Innovative Strategies 07-08	2,513	1,051	1,030	-	2,534	-	-	-	2,534
Title VI 2001-02 PL 103-382	29	-	-	-	29	-	-	-	29
Drug Free Schools 09-10	-	6,604	6,604	-	-	-	-	-	-
Eisenhower Grant	38	-	-	-	38	-	-	-	38
Vocational Education Homemaking	5	-	-	-	5	-	-	-	5
Project Lead the Way Vocational Perkins	230	15,000	14,978	-	252	14,555	3,690	-	11,117
Educate Indiana	4	-	-	-	4	-	-	-	4
Class Size Reduction	52	-	-	-	52	-	-	-	52
Improving Teaching Quality	(18,387)	82,661	56,805	-	7,469	57,129	63,576	-	1,022
Enhancing Education Through Technology	34,408	-	3,439	-	30,969	-	2,900	-	28,069
Enhancing Education Through Technology CAD 3	-	128,552	67,714	-	60,838	25,698	89,360	-	(2,824)
Educate America Title III	417	1,033	2,375	-	(925)	-	(1,381)	-	456
Fiscal Stabilization - Education	586,406	289,986	876,392	-	-	-	-	-	-
Title I - Grants to LEAs (Stimulus)	-	112,056	131,337	-	(19,281)	55,500	36,219	-	-
Special Education - Part B (Stimulus)	-	38,251	16,714	-	21,537	23,000	46,427	-	(1,890)
School Lunch Equipment (Stimulus)	-	30,000	30,000	-	-	-	-	-	-
Totals	\$ 3,024,392	\$ 16,839,746	\$ 16,308,620	\$ 3,861	\$ 3,559,379	\$ 15,521,054	\$ 16,172,265	\$ 6,293	\$ 2,914,461

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

WABASH CITY SCHOOLS
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.

WABASH CITY SCHOOLS
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.

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:

WABASH CITY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

H. Negative Receipts and Disbursements

Negative receipts and disbursements are reclassification entries made to correct previous postings to a fund or a receipt or disbursement category within a fund.

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.

WABASH CITY SCHOOLS
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:

WABASH CITY SCHOOLS
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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

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WABASH CITY SCHOOLS
 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	Capital Projects	Transportation Operating	School Bus Replacement	Special Education Preschool	Rainy Day	Construction
Cash and investments - beginning	\$ 413,963	\$ 28,261	\$ 441,730	\$ 549,102	\$ 126,040	\$ (9,289)	\$ 589,000	\$ 22,551
Receipts:								
Local sources	228,776	880,660	1,348,301	647,196	169,339	-	-	-
Intermediate sources	14,832	-	-	-	-	-	-	-
State sources	10,420,649	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	1,000,000	-	-	-	-	-	-	-
Other	6,549	-	4,448	-	-	-	-	-
Total receipts	<u>11,670,806</u>	<u>880,660</u>	<u>1,352,749</u>	<u>647,196</u>	<u>169,339</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	6,051,862	-	-	-	-	-	-	-
Support services	3,412,321	-	604,523	403,208	151,371	-	60,000	-
Noninstructional services	210,466	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	353,152	-	-	-	-	-
Debt services	1,000,000	610,315	53,726	-	-	-	-	-
Nonprogrammed charges	709,439	-	-	-	-	48,482	-	-
Total disbursements	<u>11,384,088</u>	<u>610,315</u>	<u>1,011,401</u>	<u>403,208</u>	<u>151,371</u>	<u>48,482</u>	<u>60,000</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>286,718</u>	<u>270,345</u>	<u>341,348</u>	<u>243,988</u>	<u>17,968</u>	<u>(48,482)</u>	<u>(60,000)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	1,852	-	524	-	1,485	-	-	-
Transfers in	3,500	-	62,000	-	-	57,771	60,000	-
Transfers out	(57,771)	-	-	-	(60,000)	-	(62,000)	-
Total other financing sources (uses)	<u>(52,419)</u>	<u>-</u>	<u>62,524</u>	<u>-</u>	<u>(58,515)</u>	<u>57,771</u>	<u>(2,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>234,299</u>	<u>270,345</u>	<u>403,872</u>	<u>243,988</u>	<u>(40,547)</u>	<u>9,289</u>	<u>(62,000)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 648,262</u>	<u>\$ 298,606</u>	<u>\$ 845,602</u>	<u>\$ 793,090</u>	<u>\$ 85,493</u>	<u>\$ -</u>	<u>\$ 527,000</u>	<u>\$ 22,551</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	School Lunch	Textbook Rental	Alternative Education	Community Foundation Grant - WHS Geible	Daymude Tutoring Program	Community Foundation Grant - WCM Camp	Community Foundation Grant - Gorman	School Wide Enrichment
Cash and investments - beginning	\$ 90,354	\$ 97,098	\$ -	\$ 8	\$ 3,500	\$ 120	\$ (5)	\$ 1
Receipts:								
Local sources	304,392	86,964	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	5,829	66,437	995	-	-	-	-	-
Federal sources	531,861	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	1,298	-	-	-	-	-	-	-
Total receipts	<u>843,380</u>	<u>153,401</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	10,846	112,304	-	-	-	-	-	-
Noninstructional services	814,494	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>825,340</u>	<u>112,304</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>18,040</u>	<u>41,097</u>	<u>995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(3,500)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>18,040</u>	<u>41,097</u>	<u>995</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 108,394</u>	<u>\$ 138,195</u>	<u>\$ 995</u>	<u>\$ 8</u>	<u>\$ -</u>	<u>\$ 120</u>	<u>\$ (5)</u>	<u>\$ 1</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Cape / Lilly / Kindergarten Squared Grant	Community Foundation Grant - Door Openers	Scholarships and Awards - Burcroff	Scholarships and Awards - Shand	Dental	Project Lead the Way Grant	Gifted and Talented	Tech Prep
Cash and investments - beginning	\$ 57	\$ 94	\$ -	\$ -	\$ 2,570	\$ (14,828)	\$ 2,925	\$ 653
Receipts:								
Local sources	-	-	2,458	2,074	710	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	31,142	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	2,458	2,074	710	-	31,142	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	1,721	18,794	-
Support services	-	-	-	-	433	-	14,631	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	200	-	-	-	-	-
Total disbursements	-	-	200	-	433	1,721	33,425	-
Excess (deficiency) of receipts over disbursements	-	-	2,258	2,074	277	(1,721)	(2,283)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,258	2,074	277	(1,721)	(2,283)	-
Cash and investments - ending	\$ 57	\$ 94	\$ 2,258	\$ 2,074	\$ 2,847	\$ (16,549)	\$ 642	\$ 653

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Non-English Speaking	School Technology	Classroom Innovation in Math	Technology Plan Grant	Performance Based Awards	Technology	CLASS Grant	Town Meeting
Cash and investments - beginning	\$ 1	\$ 1,090	\$ -	\$ 824	\$ 42	\$ 822	\$ 17	\$ 52
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	1,379	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,379</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	67,569	824	-	-	-	52
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>67,569</u>	<u>824</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>52</u>
Excess (deficiency) of receipts over disbursements	<u>1,379</u>	<u>-</u>	<u>(67,569)</u>	<u>(824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>1,379</u>	<u>-</u>	<u>(67,569)</u>	<u>(824)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(52)</u>
Cash and investments - ending	<u>\$ 1,380</u>	<u>\$ 1,090</u>	<u>\$ (67,569)</u>	<u>\$ -</u>	<u>\$ 42</u>	<u>\$ 822</u>	<u>\$ 17</u>	<u>\$ -</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Visual and Performing Arts	Wabash Valley Youth Orchestra	Excess PTRC Distributions	Indiana Heritage Arts	ECIA Title I 07-08	ECIA Title I 08-09	ECIA Title I 09-10	Title V Part A Innovative Strategies 07-08
Cash and investments - beginning	\$ 18,641	\$ 477	\$ -	\$ 87	\$ 20,943	\$ 31,776	\$ -	\$ 2,513
Receipts:								
Local sources	31,746	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	31,507	-	-	-	-	-
Federal sources	-	-	-	-	-	35,001	280,009	1,051
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	31,746	-	31,507	-	-	35,001	280,009	1,051
Disbursements:								
Current:								
Instruction	21,909	-	-	-	-	59,376	214,451	1,030
Support services	-	63	-	-	-	-	93,053	-
Noninstructional services	-	-	-	-	-	-	1,647	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	21,909	63	-	-	-	59,376	309,151	1,030
Excess (deficiency) of receipts over disbursements	9,837	(63)	31,507	-	-	(24,375)	(29,142)	21
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	20,943	28,344	-
Transfers out	-	-	-	-	(20,943)	(28,344)	-	-
Total other financing sources (uses)	-	-	-	-	(20,943)	(7,401)	28,344	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,837	(63)	31,507	-	(20,943)	(31,776)	(798)	21
Cash and investments - ending	\$ 28,478	\$ 414	\$ 31,507	\$ 87	\$ -	\$ -	\$ (798)	\$ 2,534

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title VI 2001-02 PL 103-382	Drug-Free Schools 09-10	Eisenhower Grant	Vocational Education Homemaking	Project Lead the Way Vocational Perkins	Educate Indiana	Class Size Reduction	Improving Teacher Quality
Cash and investments - beginning	\$ 29	\$ -	\$ 38	\$ 5	\$ 230	\$ 4	\$ 52	\$ (18,387)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	6,604	-	-	15,000	-	-	82,661
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>6,604</u>	<u>-</u>	<u>-</u>	<u>15,000</u>	<u>-</u>	<u>-</u>	<u>82,661</u>
Disbursements:								
Current:								
Instruction	-	6,604	-	-	14,978	-	-	-
Support services	-	-	-	-	-	-	-	56,805
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>6,604</u>	<u>-</u>	<u>-</u>	<u>14,978</u>	<u>-</u>	<u>-</u>	<u>56,805</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>25,856</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>-</u>	<u>-</u>	<u>-</u>	<u>22</u>	<u>-</u>	<u>-</u>	<u>25,856</u>
Cash and investments - ending	<u>\$ 29</u>	<u>\$ -</u>	<u>\$ 38</u>	<u>\$ 5</u>	<u>\$ 252</u>	<u>\$ 4</u>	<u>\$ 52</u>	<u>\$ 7,469</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Enhancing Education Through Technology	Enhancing Education Through Technology CAD 3	Educate America Title III	Fiscal Stabilization - Education	Title I - Grants to LEAs (Stimulus)	Special Education - Part B (Stimulus)	School Lunch Equipment (Stimulus)	Totals
Cash and investments - beginning	\$ 34,408	\$ -	\$ 417	\$ 586,406	\$ -	\$ -	\$ -	\$ 3,024,392
Receipts:								
Local sources	-	-	-	-	-	-	-	3,702,616
Intermediate sources	-	-	-	-	-	-	-	14,832
State sources	-	-	-	-	-	-	-	10,557,938
Federal sources	-	128,552	1,033	289,986	112,056	38,251	30,000	1,552,065
Temporary loans	-	-	-	-	-	-	-	1,000,000
Other	-	-	-	-	-	-	-	12,295
Total receipts	<u>-</u>	<u>128,552</u>	<u>1,033</u>	<u>289,986</u>	<u>112,056</u>	<u>38,251</u>	<u>30,000</u>	<u>16,839,746</u>
Disbursements:								
Current:								
Instruction	-	-	-	703,616	131,337	12,891	-	7,238,569
Support services	3,439	67,714	2,375	149,468	-	3,823	30,000	5,244,822
Noninstructional services	-	-	-	12,124	-	-	-	1,038,731
Facilities acquisition and construction	-	-	-	-	-	-	-	353,152
Debt services	-	-	-	-	-	-	-	1,664,041
Nonprogrammed charges	-	-	-	11,184	-	-	-	769,305
Total disbursements	<u>3,439</u>	<u>67,714</u>	<u>2,375</u>	<u>876,392</u>	<u>131,337</u>	<u>16,714</u>	<u>30,000</u>	<u>16,308,620</u>
Excess (deficiency) of receipts over disbursements	<u>(3,439)</u>	<u>60,838</u>	<u>(1,342)</u>	<u>(586,406)</u>	<u>(19,281)</u>	<u>21,537</u>	<u>-</u>	<u>531,126</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	3,861
Transfers in	-	-	-	-	-	-	-	232,558
Transfers out	-	-	-	-	-	-	-	(232,558)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,861</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,439)</u>	<u>60,838</u>	<u>(1,342)</u>	<u>(586,406)</u>	<u>(19,281)</u>	<u>21,537</u>	<u>-</u>	<u>534,987</u>
Cash and investments - ending	<u>\$ 30,969</u>	<u>\$ 60,838</u>	<u>\$ (925)</u>	<u>\$ -</u>	<u>\$ (19,281)</u>	<u>\$ 21,537</u>	<u>\$ -</u>	<u>\$ 3,559,379</u>

COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 648,262	\$ 298,606	\$ 845,602	\$ 793,090	\$ 85,493	\$ 527,000	\$ 22,551	\$ 108,394	\$ 138,195
Receipts:									
Local sources	365,371	511,579	855,110	477,044	131,533	-	-	304,833	91,037
Intermediate sources	232	-	-	-	-	-	-	-	-
State sources	10,536,143	-	-	-	-	-	-	5,808	80,782
Federal sources	-	-	-	-	-	-	-	534,317	-
Temporary loans	1,000,000	-	-	-	-	-	-	-	-
Other	1,733	-	-	-	-	-	-	5,265	-
Total receipts	<u>11,903,479</u>	<u>511,579</u>	<u>855,110</u>	<u>477,044</u>	<u>131,533</u>	<u>-</u>	<u>-</u>	<u>850,223</u>	<u>171,819</u>
Disbursements:									
Current:									
Instruction	6,605,945	-	-	-	-	-	-	-	-
Support services	3,431,930	21,283	583,000	417,206	231,455	-	-	5,464	149,101
Noninstructional services	226,696	-	-	-	-	-	-	843,102	-
Facilities acquisition and construction	8,930	-	422,288	-	-	-	-	-	-
Debt services	1,000,000	577,734	-	-	-	-	-	-	-
Nonprogrammed charges	1,000,680	-	-	-	-	-	-	-	-
Total disbursements	<u>12,274,181</u>	<u>599,017</u>	<u>1,005,288</u>	<u>417,206</u>	<u>231,455</u>	<u>-</u>	<u>-</u>	<u>848,566</u>	<u>149,101</u>
Excess (deficiency) of receipts over disbursements	<u>(370,702)</u>	<u>(87,438)</u>	<u>(150,178)</u>	<u>59,838</u>	<u>(99,922)</u>	<u>-</u>	<u>-</u>	<u>1,657</u>	<u>22,718</u>
Other financing sources (uses):									
Sale of capital assets	6,293	-	-	-	-	-	-	-	-
Transfers in	-	2,004	56,831	2,164	519	81,000	-	-	-
Transfers out	-	-	-	(81,000)	-	(53,000)	-	-	-
Total other financing sources (uses)	<u>6,293</u>	<u>2,004</u>	<u>56,831</u>	<u>(78,836)</u>	<u>519</u>	<u>28,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(364,409)</u>	<u>(85,434)</u>	<u>(93,347)</u>	<u>(18,998)</u>	<u>(99,403)</u>	<u>28,000</u>	<u>-</u>	<u>1,657</u>	<u>22,718</u>
Cash and investments - ending	<u>\$ 283,853</u>	<u>\$ 213,172</u>	<u>\$ 752,255</u>	<u>\$ 774,092</u>	<u>\$ (13,910)</u>	<u>\$ 555,000</u>	<u>\$ 22,551</u>	<u>\$ 110,051</u>	<u>\$ 160,913</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Levy Excess	Alternative Education	Community Foundation Grant - WHS Geible	Community Foundation Grant - WCM Camp	Community Foundation Grant - Gorman	School Wide Enrichment	Cape / Lilly / Kindergarten Squared Grant	Community Foundation Grant - Door Openers	Scholarships and Awards - Burcroff
Cash and investments - beginning	\$ -	\$ 995	\$ 8	\$ 120	\$ (5)	\$ 1	\$ 57	\$ 94	\$ 2,258
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	3,419	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	3,419	-	-	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	2,454	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,454	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	965	-	-	-	-	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	14,472	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	14,472	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,472	965	-	-	-	-	-	-	-
Cash and investments - ending	<u>\$ 14,472</u>	<u>\$ 1,960</u>	<u>\$ 8</u>	<u>\$ 120</u>	<u>\$ (5)</u>	<u>\$ 1</u>	<u>\$ 57</u>	<u>\$ 94</u>	<u>\$ 2,258</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Scholarships and Awards - Shand	Dental	Project Lead the Way Grant	Gifted and Talented	Tech Prep	Non-English Speaking	School Technology	Classroom Innovation in Math
Cash and investments - beginning	\$ 2,074	\$ 2,847	\$ (16,549)	\$ 642	\$ 653	\$ 1,380	\$ 1,090	\$ (67,569)
Receipts:								
Local sources	-	1,062	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	30,675	-	1,041	-	86,300
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,062	-	30,675	-	1,041	-	86,300
Disbursements:								
Current:								
Instruction	-	-	-	15,035	-	-	-	-
Support services	-	2,066	-	6,366	-	1,380	-	18,478
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	2,066	-	21,401	-	1,380	-	18,478
Excess (deficiency) of receipts over disbursements	-	(1,004)	-	9,274	-	(339)	-	67,822
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,004)	-	9,274	-	(339)	-	67,822
Cash and investments - ending	\$ 2,074	\$ 1,843	\$ (16,549)	\$ 9,916	\$ 653	\$ 1,041	\$ 1,090	\$ 253

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	State Connectivity: Technology	Performance Based Awards	Technology	CLASS Grant	Visual and Performing Arts	Wabash Valley Youth Orchestra	Excess PTRC Distributions	Indiana Heritage Arts
Cash and investments - beginning	\$ -	\$ 42	\$ 822	\$ 17	\$ 28,478	\$ 414	\$ 31,507	\$ 87
Receipts:								
Local sources	-	-	-	-	34,265	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	3,288	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>3,288</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,265</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	39,575	-	-	-
Support services	5,760	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,760</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>39,575</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,310)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(22,990)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,990)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,472)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,310)</u>	<u>-</u>	<u>(22,990)</u>	<u>-</u>
Cash and investments - ending	<u><u>\$ (2,472)</u></u>	<u><u>\$ 42</u></u>	<u><u>\$ 822</u></u>	<u><u>\$ 17</u></u>	<u><u>\$ 23,168</u></u>	<u><u>\$ 414</u></u>	<u><u>\$ 8,517</u></u>	<u><u>\$ 87</u></u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	ECIA Title I 09-10	ECIA Title I 10-11	Title V Part A Innovative Strategies 07-08	Title VI 2001-02 PL 103-382	Eisenhower Grant	Vocational Education Homemaking	Project Lead the Way Vocational Perkins	Educate Indiana
Cash and investments - beginning	\$ (798)	\$ -	\$ 2,534	\$ 29	\$ 38	\$ 5	\$ 252	\$ 4
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	34,278	250,057	-	-	-	-	14,555	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>34,278</u>	<u>250,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,555</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	31,211	260,877	-	-	-	-	3,690	-
Support services	2,269	21,189	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>33,480</u>	<u>282,066</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,690</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>798</u>	<u>(32,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,865</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>798</u>	<u>(32,009)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,865</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (32,009)</u>	<u>\$ 2,534</u>	<u>\$ 29</u>	<u>\$ 38</u>	<u>\$ 5</u>	<u>\$ 11,117</u>	<u>\$ 4</u>

WABASH CITY SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Class Size Reduction	Improving Teacher Quality	Enhancing Education Through Technology	Enhancing Education Through Technology CAD 3	Educate America Title III	Title I - Grants to LEAs (Stimulus)	Special Education - Part B (Stimulus)	Totals
Cash and investments - beginning	\$ 52	\$ 7,469	\$ 30,969	\$ 60,838	\$ (925)	\$ (19,281)	\$ 21,537	\$ 3,559,379
Receipts:								
Local sources	-	325	-	698	-	-	-	2,772,857
Intermediate sources	-	-	-	-	-	-	-	232
State sources	-	-	-	-	-	-	-	10,747,456
Federal sources	-	56,804	-	25,000	-	55,500	23,000	993,511
Temporary loans	-	-	-	-	-	-	-	1,000,000
Other	-	-	-	-	-	-	-	6,998
Total receipts	-	57,129	-	25,698	-	55,500	23,000	15,521,054
Disbursements:								
Current:								
Instruction	-	-	-	-	-	36,219	46,427	7,041,433
Support services	-	63,576	2,900	89,360	(1,381)	-	-	5,051,402
Noninstructional services	-	-	-	-	-	-	-	1,069,798
Facilities acquisition and construction	-	-	-	-	-	-	-	431,218
Debt services	-	-	-	-	-	-	-	1,577,734
Nonprogrammed charges	-	-	-	-	-	-	-	1,000,680
Total disbursements	-	63,576	2,900	89,360	(1,381)	36,219	46,427	16,172,265
Excess (deficiency) of receipts over disbursements	-	(6,447)	(2,900)	(63,662)	1,381	19,281	(23,427)	(651,211)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	6,293
Transfers in	-	-	-	-	-	-	-	156,990
Transfers out	-	-	-	-	-	-	-	(156,990)
Total other financing sources (uses)	-	-	-	-	-	-	-	6,293
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(6,447)	(2,900)	(63,662)	1,381	19,281	(23,427)	(644,918)
Cash and investments - ending	\$ 52	\$ 1,022	\$ 28,069	\$ (2,824)	\$ 456	\$ -	\$ (1,890)	\$ 2,914,461

WABASH CITY SCHOOLS
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:	
Buildings	\$ 12,614,000
Improvements other than buildings	1,442,863
Machinery and equipment	<u>4,566,827</u>
Total capital assets not being depreciated	<u>\$ 18,623,690</u>

WABASH CITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund
Capital leases:			
School Building	\$ 885,000	\$ 139,581	Debt Service
High School Building	2,000,000	-	Debt Service
Notes and loans payable:			
Common School Loan	2,000,000	278,000	Debt Service
Energy Savings Contract Loan	<u>455,000</u>	<u>69,990</u>	Capital Projects
Total debt	<u>\$ 5,340,000</u>	<u>\$ 487,571</u>	

WABASH CITY SCHOOLS
AUDIT RESULTS AND COMMENTS

CERTIFIED REPORT NOT FILED

The School Corporation did not file a Certified Report of Names, Addresses, Duties, and Compensation of Public Employees (Form 100-R or its equivalent) with the State Board of Accounts in January 2010. A similar comment appeared in prior Report B35722.

Indiana Code 5-11-13-1 states in part: "Every state, county, city, town, township, or school official . . . shall during the month of January of each year prepare, make, and sign a written or printed certified report, correctly and completely showing the names and business addresses of each and all officers, employees, and agents . . . and the respective duties and compensation of each, and shall forthwith file said report in the office of the state examiner of the state board of accounts."

CONDITION OF RECORDS

Printed reports of financial transactions presented for audit did not always contain every entry posted to the accounting system. Reports that were reprinted during the course of the audit contained the entries missing from the original printouts. The missing entries were included in the financial reports (Form 9) submitted to the Indiana Department of Education. A similar comment appeared in prior Report B35722.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERDRAWN FUND BALANCES

The fund balances of the following funds were overdrawn at June 30, 2011:

	Cash and Investments <u>06-30-01</u>
School Bus Replacement	\$ (13,910)
Community Foundation Grant – Gorman	(5)
Project Lead the Way Grant	(16,549)
State Connectivity: Technology	(2,472)

The fund balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

WABASH CITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

ERRORS ON CLAIMS

The following deficiencies were noted during a review of claims paid during the audit period:

1. Claims were paid prior to board approval.
2. Three claims for meals and travel paid with the school corporation credit card lacked adequate supporting documentation.

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services;
- (3) the invoice or bill is filed with the governmental entity's fiscal officer;
- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim."

IMPROPER CREDIT CARD USAGE

Celia A. Herrell-Shand, former Superintendent of Schools, purchased an iPad and cover totaling \$610, using the School Corporation's credit card. The former Superintendent of Schools paid this charge by submitting a personal check directly to the credit card company.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.
- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.

WABASH CITY SCHOOLS
 AUDIT RESULTS AND COMMENTS
 (Continued)

- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

Enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2010.

The enrollment count date for 2009-2010 was September 18, 2009. The difference between the count reported on the ADM and the verified figures are shown below:

School Year	Grade	Count as Reported on Form 30A	Actual Enrollment Figures	Difference
2009-2010	1 through 12	1,327	1,328	1

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

GUARANTEED ENERGY SAVINGS CONTRACTS

Savings summary reports relative to guaranteed energy savings contracts that are required to be filed with the Office of Lieutenant Governor, Indiana Office of Energy Development, were not filed for the years 2009 and 2010.

Indiana Code 36-1-12.5-10 states in part: "The governing body shall: . . . (2) annually report to the lieutenant governor, in accordance with procedures established by the lieutenant governor, the savings resulting in the previous year from the guaranteed energy savings contract or utility efficiency program."

WABASH CITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the Textbook Rental Fund and School Lunch Fund record balances to the bank account balances were incorrect. Some school lunch receipts were not posted to the ledger and some school lunch receipts were incorrectly deposited into the Textbook Rental Fund bank account. Also, textbook rental receipts paid online from September 2009 through June 30, 2011 totaling \$53,827 were deposited in the bank but not posted to the School Corporation's ledger.

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

APPROPRIATIONS

The following expenditures were in excess of budgeted appropriations:

Fund	Year	Amount
School Bus Replacement	2009	\$ 5,441
Debt Service	2010	3,896
Capital Projects	2010	313,505

Indiana Code 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

SUPPORTING DOCUMENTATION (Applies to WC Mills Elementary School)

Receipts and disbursements for the school's book fairs were not properly accounted for. No detailed sales reports were available to document the number of books sold. Payments to the vendor for books purchased did not contain supporting documentation to determine the number of books purchased.

Collections of \$3,017 (2009-2010) and \$3,193 (2010-2011) were deposited and subsequently paid to the vendor. No profits were involved because the School received free books for their Library.

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPORTING DOCUMENTATION (Applies to Wabash Middle School)

Supporting documentation for Science Trip T-shirt fundraisers held during the audit period were not available for audit. T-shirt purchases (\$783) exceeded reported sales of T-shirts (\$542) by \$241.

Supporting documentation for yearbook sales in 2009-2010 was not available for audit. Financial records indicated that the cost of the yearbooks sold in 2009-2010 exceeded the yearbook sales by \$1,085.

WABASH CITY SCHOOLS
AUDIT RESULTS AND COMMENTS
(Continued)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

INTERNAL CONTROLS OVER EXTRA-CURRICULAR SALES

Accountable Items Review Form SA-9 was not used during the audit period to account for items sold, purchased or on hand for the Spirit Club or Concessions. An inventory of items on hand has never been documented. As a result, full accountability for sales in Spirit Club or Concessions could not be established.

Internal controls over vending operations, concessions or other sales should include, at a minimum, a regular reconciliation of the beginning inventory, purchases, distributions, items sold and ending inventory to the amount received. Any discrepancies noted should be immediately documented in writing to proper officials. The reconciliation should provide an accurate accounting. Persons with access to vending should be properly designated and access should be limited to those designated. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SUPPORTING DOCUMENTATION (Applies to Wabash High School)

Supporting documentation for an Instrumental Music T-shirt fundraiser in 2009-2010 was not available for audit. Music T-shirt purchases (\$1,091) exceeded reported sales of T-shirts (\$371) by \$720.

Supporting documentation for yearbook sales and yearbook advertising was not available for audit. Yearbook sales decreased \$1,116 from school year 2009-2010 (\$6,253) to school year 2010-2011 (\$5,137). Sales of yearbook advertising decreased \$600 from school year 2009-2010 (\$2,395) to school year 2010-2011 (\$1,795).

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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
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Web Site: 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 WABASH CITY SCHOOLS, WABASH COUNTY, INDIANA

Compliance

We have audited the compliance of the Wabash City Schools (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, 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 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, 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

January 12, 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.

WABASH CITY SCHOOLS
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			
		FY 09-10	\$ 114,665	\$ -
		FY 10-11	-	106,023
Total for program			<u>114,665</u>	<u>106,023</u>
National School Lunch Program	10.555			
		FY 09-10	434,057	-
		FY 10-11	-	431,541
Total for program			<u>434,057</u>	<u>431,541</u>
Summer Food Service Program for Children	10.559			
		FY 09-10	10,417	-
		FY 10-11	-	41,567
Total for program			<u>10,417</u>	<u>41,567</u>
Total for cluster			<u>559,139</u>	<u>579,131</u>
ARRA - Child Nutrition Discretionary Grants Limited Availability, Recovery Act	10.579			
		FY 09-10	30,000	-
Total for federal grantor agency			<u>589,139</u>	<u>579,131</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			
		09-8060	59,375	-
		10-8060	308,352	34,278
		11-8060	-	282,066
Total for program			<u>367,727</u>	<u>316,344</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		10-8060	131,337	36,219
Total for cluster			<u>499,064</u>	<u>352,563</u>
Educational Technology State Grants Cluster				
Educational Technology State Grants	84.318			
		S318X070014	3,439	2,900
		CAD 3 FY 2009-10	67,714	89,360
Total for cluster			<u>71,153</u>	<u>92,260</u>

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

WABASH CITY SCHOOLS
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 Metropolitan School District of Wabash County Special Education Cluster ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-058-SN01	16,714	46,427
Pass-Through Indiana Department of Education State Fiscal Stabilization Fund Cluster ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 2009-10	876,395	-
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 2009-10	6,604	-
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	C1-9-PLTW-8-561 C1-10-PLTW-9-561 A58-1-11CI-094	15,000 14,555 -	- - 3,690
Total for program			29,555	3,690
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	07-8060	1,030	-
Pass-Through Region 8 Education Service Center English Language Acquisition Grants	84.365	FY 2008-09	995	-
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	FY 08-8060 FY 09-8060	56,804 -	7,469 56,106
Total for program			56,804	63,575
Total for federal grantor agency			1,558,314	558,515
Total federal awards expended			<u>\$ 2,147,453</u>	<u>\$ 1,137,646</u>

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

WABASH CITY SCHOOLS
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 Wabash City Schools (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	Year Ended June 30, 2010	Year Ended June 30, 2011
Child Nutrition Cluster:			
Food Commodities			
National School Lunch Program	10.555	\$ <u>41,567</u>	\$ <u>45,156</u>

WABASH CITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

WABASH CITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 12, 2012, with Jason A. Callahan, Superintendent of Schools; Michele L. Hough, Treasurer; Jan L. Roland, Chief Business Officer; and Jeffrey Knee, President of the School Board. The Official Response has been made a part of this report and may be found on pages 48 and 49.

Wabash City Schools
Response to Audit Results
Ending
June 30, 2011

1. Certified Report Not Filed

The new Treasurer has been made aware of the importance of filing the 100R report annually.

2. Condition of Records

This continued to be concern from the last audit. The financial software company, with the new Treasurer, were able to find a way to have entries appear on all the reports. This should correct this issue.

3. Overdrawn Cash Balances

Some funds had over drawn cash balances as of June 30, 2011. School bus replacement fund was awaiting a deposit from tax collection. Once that occurred it went into the black. It was in the red because of having to pay for the purchase of a bus before the tax draw was deposited. A Community Foundation Grant was overdrawn because when items were purchased the shipping amount was not figured into the total cost by the teacher. Project Lead the Way continues to be a cash flow issue with reimbursement from the Department of Work Force Development. State Connectivity Grant is also an issue of reimbursement not being made to WCS prior to June 30, 2011.

4. Errors on Claims

It was noted in the audit that claims were paid prior to Board approval. Those claims that were paid ahead were utilities, insurance premiums, and debt payments, which had a due date prior to the Board meeting. The FE has suggested that the Treasurer contact the school division of State Board of Accounts to see if school corporations can issue an ordinance and pay claims prior to Board approval similar to what Cities and Towns are allowed to do.

It was noted also that three claims for meals did not have the appropriate supporting documentation for them. That issue will be addressed by the Superintendent and Chief Business Officers with all employees.

As of November 1, 2010, the Deputy Treasurer is working on correctly following deposits, especially those in transit at the end of the month. She is making sure that all deposits are entered in the ledger and transferring the lunch fees from textbook rental into the school lunch account after registration occurs.

Banks reconciliations will be checked by the Chief Business Officer to see that these issues are being addressed.

9. Appropriations

The new Superintendent and Chief Business have developed a plan to address keeping track of appropriations and not using the cash balance for un-appropriated expenditures. School Bus Replacement and Debt Service are funds where there are set payments. That is why the those funds had expenditures in excess of appropriations. . Capital Projects is an issue that will be addressed by the new Superintendent as to following the CPF plan and using Rainy Day Fund for un-appropriated CPF expenditures.