

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF
WASHINGTON TOWNSHIP
MARION COUNTY, INDIANA

July 1, 2011 to June 30, 2012



FILED
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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Chief Business Officer/Treasurer	Joseph Licata	07-01-11 to 12-31-13
Superintendent of Schools	Dr. Nikki Woodson	07-01-11 to 06-30-13
President of the School Board	Anthony Dzwonar Donald Kite	07-01-11 to 06-30-12 07-01-12 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

We have audited the accompanying financial statement of the Metropolitan School District of Washington Township (School Corporation), for the year ended June 30, 2012. 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the year ended June 30, 2012.

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 year ended June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated March 7, 2013, 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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

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.



Bruce Hartman
State Examiner

March 7, 2013



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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 METROPOLITAN SCHOOL DISTRICT OF
WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

We have audited the financial statement of the Metropolitan School District of Washington Township (School Corporation), for the year ended June 30, 2012, and have issued our report thereon dated March 7, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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 Official Response and Corrective Action Plan. 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.



Bruce Hartman
State Examiner

March 7, 2013

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012

	Cash and Investments			Other Financing	Cash and Investments
	06-30-11	Receipts	Disbursements	Sources (Uses)	06-30-12
General	\$ 8,698,244	\$ 67,549,339	\$ 68,317,486	\$ 10	\$ 7,930,107
Referendum Tax Levy	5,220,205	4,402,336	1,791,250	-	7,831,291
Debt Service	5,271,812	5,824,294	5,782,442	-	5,313,664
Retirement/Severance Bond Debt Service	771,026	1,486,305	1,462,669	-	794,662
Capital Projects	4,362,347	12,391,384	10,578,731	(10)	6,174,990
School Transportation	4,018,328	8,337,048	8,054,172	-	4,301,204
School Bus Replacement	1,027,133	1,690,882	968,295	(1,629,000)	120,720
Rainy Day	2,412,405	4,773	936,441	1,629,000	3,109,737
2012 GO Bond	-	-	-	2,000,000	2,000,000
2011 GO Bond	-	-	9,429	2,000,000	1,990,571
2010 GO Bond	1,968,227	-	727,987	-	1,240,240
2008 GO Bond	564,917	-	374,258	-	190,659
School Lunch	3,344,804	5,529,681	5,204,386	3,710	3,673,809
Textbook Rental	246,787	1,392,128	1,641,039	(20,827)	(22,951)
Self-Insurance	2,652,908	1,001,217	937,166	-	2,716,959
Joint Services and Supply - Area Vocational School	849,740	3,186,564	3,510,868	-	525,436
Brain Research	2,316	-	-	-	2,316
Alternative Education	20,172	18,396	20,172	-	18,396
Early Intervention Grant	-	50,180	44,295	-	5,885
Local / Foundation Grants	324,751	558,733	449,702	-	433,782
Local Grants	61,001	258,263	219,545	-	99,719
Adult Education	(671,550)	204,138	451,154	-	(918,566)
LPN Program	(206,017)	222,000	498,512	-	(482,529)
THNI Take One	300	-	-	-	300
Oasis Tutoring Program	769	550	900	-	419
Willoughby-Epperly	1,777	-	-	-	1,777
Law Enforcement	576	-	297	-	279
Autism	759	-	3	-	756
Project Seed - North	400	-	400	-	-
Adult and Continuing Education	4,093	-	3,853	-	240
Extra-Curricular Activities	2,621	-	2,621	-	-
Adopt A Student	828	-	-	-	828
Learning Under The Sun	30,670	38,787	34,251	-	35,206
Summer In The City	8,080	10,500	10,728	-	7,852
Cultural Arts	1,290	-	-	-	1,290
50 Year Celebration	1,589	-	1,589	-	-
ECA Smartdata - GB	-	1,085	400	-	685
Tennis House Renovation	107,175	-	26,815	-	80,360
Thinking Through Art	895	-	895	-	-
Scholarships and Awards	120	-	120	-	-
Challenge Ed Trans	2,724	-	2,724	-	-
Paul Griesel Memorial Scholarship	5,036	-	-	-	5,036
Recognition	(6,566)	6,697	131	-	-
AP / IB Testing	22,088	-	5,000	-	17,088
Washington Township Foundation	(28,369)	111,418	99,331	-	(16,282)
Gifted and Talented	7,723	70,041	77,764	-	-
Public Law 221	4,058	-	4,058	-	-

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
TECH - STAA 2011	-	85,544	85,544	-	-
Adult and Continuing Education State	(3,125)	242,540	320,273	-	(80,858)
Bookstore	36,556	-	27,320	24,851	34,087
Tennis Fund	195,780	228,398	239,809	-	184,369
Tennis Maintenance	14,160	7,701	6,906	-	14,955
Non-English Speaking Programs P.L. 273-1999	(6,333)	151,610	142,743	-	2,534
School Technology	206,913	99,429	28,740	-	277,602
Library Services and Technology	-	9,960	9,960	-	-
Education Fees	165,817	305,923	323,207	20,827	169,360
Title I District School	-	9,927	12,737	-	(2,810)
Title I	294,628	2,465,943	3,237,365	-	(476,794)
Title II, Part B Math and Science 4510	-	58,889	73,038	-	(14,149)
Title II, Part B Math and Science 4511	-	55,447	56,797	-	(1,350)
IDEA	(336,836)	2,209,243	2,098,084	-	(225,677)
Federal Assistance Educational Preschool Handicapped	(12,117)	75,235	71,585	-	(8,467)
Adult Education and Family Literacy, Title II	(127,557)	308,193	253,936	-	(73,300)
CTE Micro Grant	-	4,900	10,300	-	(5,400)
Career Pathway Mic	-	3,558	9,265	-	(5,707)
RVR (IPIC) FY 10-11	(67,335)	148,680	115,479	-	(34,134)
Jobworks	(1,066)	-	(1,066)	-	-
Title IV, Part A	(7,198)	37,381	30,183	-	-
Vocational and Technical Board Grants	(49,117)	650,411	671,019	-	(69,725)
Pathway Tech Prep 6250	437	37,719	437	(37,719)	-
Pathway Tech Prep 6251	-	29,182	66,901	37,719	-
Refugee Children	4,878	19,730	27,059	-	(2,451)
Title X, Part C McKinney Vento	-	32,473	40,538	-	(8,065)
REMS	(1,911)	129,000	123,128	-	3,961
21st Century Cohort V, Yr. 1	(69,764)	482,306	428,378	-	(15,836)
21st Century Cohort IV, Yr. 1	(18,898)	270,669	327,198	-	(75,427)
Title II, Part A	(33,437)	451,686	474,056	-	(55,807)
Title III, Part A	(6,667)	177,013	180,214	-	(9,868)
Title I - Grants to LEAs ARRA	90,338	208,093	298,431	-	-
Special Education - Part B ARRA	(343,960)	693,724	349,764	-	-
Education Technology ARRA	(7,449)	10,408	2,959	-	-
McKinney - Vento Education for Homeless ARRA	(769)	1,771	1,002	-	-
Education Jobs	(108,606)	1,130,865	1,139,109	-	(116,850)
Summer Youth Program	(21,020)	-	(21,020)	-	-
Summer Youth - IPIC	15,527	-	15,527	-	-
Payroll Deduction	502	-	502	-	-
Payroll Clearing	2,497,989	31,186,525	31,937,469	-	1,747,045
Student Financial Aid	14,969	635,574	650,541	-	2
Totals	\$ 43,423,521	\$ 157,002,389	\$ 156,117,296	\$ 4,028,561	\$ 48,337,175

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

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

Proceeds of long-term debt 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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

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 or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is 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:

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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's 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.

Note 7. Holding Corporation

The School Corporation has entered into capital leases with the North Central Campus School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments made during the year were \$3,913,000,

Note 8. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits; medical, dental, and vision. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Event

On December 18, 2012, the School Corporation issued \$2,000,000 of General Obligation Bonds 2012B for the purchase of equipment and technology and for the renovation, repair, and maintenance of equipment and facilities.

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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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2012 GO Bond	2011 GO Bond
Cash and investments - beginning	\$ 8,698,244	\$ 5,220,205	\$ 5,271,812	\$ 771,026	\$ 4,362,347	\$ 4,018,328	\$ 1,027,133	\$ 2,412,405	\$ -	\$ -
Receipts:										
Local sources	1,477,414	4,402,336	5,824,294	1,486,305	8,725,691	7,364,281	1,690,882	4,773	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	66,071,925	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	3,625,249	853,516	-	-	-	-
Other	-	-	-	-	40,444	119,251	-	-	-	-
Total receipts	67,549,339	4,402,336	5,824,294	1,486,305	12,391,384	8,337,048	1,690,882	4,773	-	-
Disbursements:										
Current:										
Instruction	50,239,003	1,268,630	-	-	-	-	-	-	-	-
Support services	17,530,883	522,620	-	-	3,266,422	6,602,224	555,948	936,441	-	-
Noninstructional services	547,600	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	4,611,418	-	-	-	-	-
Debt services	-	-	5,512,212	1,462,669	2,700,891	1,451,948	412,347	-	-	9,429
Nonprogrammed charges	-	-	270,230	-	-	-	-	-	-	-
Total disbursements	68,317,486	1,791,250	5,782,442	1,462,669	10,578,731	8,054,172	968,295	936,441	-	9,429
Excess (deficiency) of receipts over disbursements	(768,147)	2,611,086	41,852	23,636	1,812,653	282,876	722,587	(931,668)	-	(9,429)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	10	-	-	-	1,382,099	-	-	1,629,000	-	-
Transfers out	-	-	-	-	(1,382,109)	-	(1,629,000)	-	-	-
Total other financing sources (uses)	10	-	-	-	(10)	-	(1,629,000)	1,629,000	2,000,000	2,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(768,137)	2,611,086	41,852	23,636	1,812,643	282,876	(906,413)	697,332	2,000,000	1,990,571
Cash and investments - ending	\$ 7,930,107	\$ 7,831,291	\$ 5,313,664	\$ 794,662	\$ 6,174,990	\$ 4,301,204	\$ 120,720	\$ 3,109,737	\$ 2,000,000	\$ 1,990,571

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	2010 GO Bond	2008 GO Bond	School Lunch	Textbook Rental	Self- Insurance	Joint Services and Supply Area Vocational School	Brain Research	Alternative Education	Early Intervention Grant	Local / Foundation Grants
Cash and investments - beginning	\$ 1,968,227	\$ 564,917	\$ 3,344,804	\$ 246,787	\$ 2,652,908	\$ 849,740	\$ 2,316	\$ 20,172	\$ -	\$ 324,751
Receipts:										
Local sources	-	-	1,865,378	797,929	1,001,217	3,186,564	-	-	-	558,733
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	30,602	594,199	-	-	-	18,396	50,180	-
Federal sources	-	-	3,633,701	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	5,529,681	1,392,128	1,001,217	3,186,564	-	18,396	50,180	558,733
Disbursements:										
Current:										
Instruction	-	-	-	1,287	-	2,335,474	-	20,172	37,980	59,502
Support services	31,797	-	311,382	1,639,752	-	1,175,394	-	-	-	377,951
Noninstructional services	-	-	4,708,991	-	-	-	-	-	-	7,226
Facilities acquisition and construction	696,190	374,258	184,013	-	-	-	-	-	6,315	5,023
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	937,166	-	-	-	-	-
Total disbursements	727,987	374,258	5,204,386	1,641,039	937,166	3,510,868	-	20,172	44,295	449,702
Excess (deficiency) of receipts over disbursements	(727,987)	(374,258)	325,295	(248,911)	64,051	(324,304)	-	(1,776)	5,885	109,031
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	3,710	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(20,827)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	3,710	(20,827)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(727,987)	(374,258)	329,005	(269,738)	64,051	(324,304)	-	(1,776)	5,885	109,031
Cash and investments - ending	\$ 1,240,240	\$ 190,659	\$ 3,673,809	\$ (22,951)	\$ 2,716,959	\$ 525,436	\$ 2,316	\$ 18,396	\$ 5,885	\$ 433,782

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Local Grants	Adult Education	LPN Program	TNHI Take One	Oasis Tutoring Program	Willoughby- Epperly	Law Enforcement	Autism	Project Seed - North	Adult and Continuing Education
Cash and investments - beginning	\$ 61,001	\$ (671,550)	\$ (206,017)	\$ 300	\$ 769	\$ 1,777	\$ 576	\$ 759	\$ 400	\$ 4,093
Receipts:										
Local sources	258,263	187,088	222,000	-	550	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	17,050	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	258,263	204,138	222,000	-	550	-	-	-	-	-
Disbursements:										
Current:										
Instruction	154,771	381,912	498,121	-	-	-	-	-	400	1,003
Support services	32,174	69,242	391	-	-	-	297	3	-	2,850
Noninstructional services	5,245	-	-	-	900	-	-	-	-	-
Facilities acquisition and construction	27,355	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	219,545	451,154	498,512	-	900	-	297	3	400	3,853
Excess (deficiency) of receipts over disbursements	38,718	(247,016)	(276,512)	-	(350)	-	(297)	(3)	(400)	(3,853)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	38,718	(247,016)	(276,512)	-	(350)	-	(297)	(3)	(400)	(3,853)
Cash and investments - ending	\$ 99,719	\$ (918,566)	\$ (482,529)	\$ 300	\$ 419	\$ 1,777	\$ 279	\$ 756	\$ -	\$ 240

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Extra- Curricular Activities	Adopt A Student	Learning Under The Sun	Summer In The City	Cultural Arts	50 Year Celebration	ECA Smartdata - GB	Tennis House Renovation	Thinking Through Art	Scholarships and Awards
Cash and investments - beginning	\$ 2,621	\$ 828	\$ 30,670	\$ 8,080	\$ 1,290	\$ 1,589	\$ -	\$ 107,175	\$ 895	\$ 120
Receipts:										
Local sources	-	-	38,787	10,500	-	-	1,085	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	38,787	10,500	-	-	1,085	-	-	-
Disbursements:										
Current:										
Instruction	2,621	-	31,791	10,728	-	-	400	-	-	-
Support services	-	-	675	-	-	1,589	-	-	895	120
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	26,815	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,785	-	-	-	-	-	-	-
Total disbursements	2,621	-	34,251	10,728	-	1,589	400	26,815	895	120
Excess (deficiency) of receipts over disbursements	(2,621)	-	4,536	(228)	-	(1,589)	685	(26,815)	(895)	(120)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,621)	-	4,536	(228)	-	(1,589)	685	(26,815)	(895)	(120)
Cash and investments - ending	\$ -	\$ 828	\$ 35,206	\$ 7,852	\$ 1,290	\$ -	\$ 685	\$ 80,360	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Challenge Ed Trans	Paul Griesel Memorial Scholarship	Recognition	AP / IB Testing	Washington Township Foundatin	Gifted and Talented	Public Law 221	TECH - STAA 2011	Adult and Continuing Education State	Bookstore
Cash and investments - beginning	\$ 2,724	\$ 5,036	\$ (6,566)	\$ 22,088	\$ (28,369)	\$ 7,723	\$ 4,058	\$ -	\$ (3,125)	\$ 36,556
Receipts:										
Local sources	-	-	6,697	-	111,418	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	70,041	-	85,544	242,540	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	6,697	-	111,418	70,041	-	85,544	242,540	-
Disbursements:										
Current:										
Instruction	-	-	-	5,000	-	80,764	-	-	295,992	-
Support services	2,724	-	131	-	99,331	(3,000)	4,058	-	24,281	27,320
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	85,544	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,724	-	131	5,000	99,331	77,764	4,058	85,544	320,273	27,320
Excess (deficiency) of receipts over disbursements	(2,724)	-	6,566	(5,000)	12,087	(7,723)	(4,058)	-	(77,733)	(27,320)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	24,851
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	24,851
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,724)	-	6,566	(5,000)	12,087	(7,723)	(4,058)	-	(77,733)	(2,469)
Cash and investments - ending	\$ -	\$ 5,036	\$ -	\$ 17,088	\$ (16,282)	\$ -	\$ -	\$ -	\$ (80,858)	\$ 34,087

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Tennis Fund	Tennis Maintenance	Non-English Speaking Programs P.L. 273-1999	School Technology	Library Services and Technology	Education Fees	Title I District School	Title I	Title II, Part B Math and Science 4510	Title II, Part B Math and Science 4511
Cash and investments - beginning	\$ 195,780	\$ 14,160	\$ (6,333)	\$ 206,913	\$ -	\$ 165,817	\$ -	\$ 294,628	\$ -	\$ -
Receipts:										
Local sources	228,398	7,701	-	95,949	-	305,923	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	151,610	3,480	9,960	-	-	-	-	-
Federal sources	-	-	-	-	-	-	9,927	2,465,943	58,889	55,447
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	228,398	7,701	151,610	99,429	9,960	305,923	9,927	2,465,943	58,889	55,447
Disbursements:										
Current:										
Instruction	-	-	89,113	28,740	-	323,207	1,207	907,407	40,722	20,179
Support services	5,794	-	52,930	-	-	-	11,518	2,147,702	31,354	35,300
Noninstructional services	234,015	6,845	700	-	-	-	-	26,568	-	-
Facilities acquisition and construction	-	61	-	-	9,960	-	12	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	155,688	962	1,318
Total disbursements	239,809	6,906	142,743	28,740	9,960	323,207	12,737	3,237,365	73,038	56,797
Excess (deficiency) of receipts over disbursements	(11,411)	795	8,867	70,689	-	(17,284)	(2,810)	(771,422)	(14,149)	(1,350)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	20,827	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	20,827	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,411)	795	8,867	70,689	-	3,543	(2,810)	(771,422)	(14,149)	(1,350)
Cash and investments - ending	\$ 184,369	\$ 14,955	\$ 2,534	\$ 277,602	\$ -	\$ 169,360	\$ (2,810)	\$ (476,794)	\$ (14,149)	\$ (1,350)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	IDEA	Federal Assistance Educational Preschool Handicapped	Adult Education and Family Literacy Title II	CTE Micro Grant	Career Pathway Mic	RVR (IPIC) FY 10-11	Jobworks	Title IV Part A	Vocational and Technical Board Grants	Pathway Tech Prep 6250
Cash and investments - beginning	\$ (336,836)	\$ (12,117)	\$ (127,557)	\$ -	\$ -	\$ (67,335)	\$ (1,066)	\$ (7,198)	\$ (49,117)	\$ 437
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	148,680	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	2,209,243	75,235	308,193	4,900	3,558	-	37,381	650,411	37,719	
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,209,243	75,235	308,193	4,900	3,558	148,680	-	37,381	650,411	37,719
Disbursements:										
Current:										
Instruction	1,395,560	70,369	240,149	6,000	7,873	103,479	(1,066)	-	610,718	437
Support services	653,931	-	478	4,300	946	-	-	29,525	60,301	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	11,316	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	37,277	1,216	13,309	-	446	12,000	-	658	-	-
Total disbursements	2,098,084	71,585	253,936	10,300	9,265	115,479	(1,066)	30,183	671,019	437
Excess (deficiency) of receipts over disbursements	111,159	3,650	54,257	(5,400)	(5,707)	33,201	1,066	7,198	(20,608)	37,282
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(37,719)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(37,719)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	111,159	3,650	54,257	(5,400)	(5,707)	33,201	1,066	7,198	(20,608)	(437)
Cash and investments - ending	\$ (225,677)	\$ (8,467)	\$ (73,300)	\$ (5,400)	\$ (5,707)	\$ (34,134)	\$ -	\$ -	\$ (69,725)	\$ -

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Pathway Tech Prep 6251	Refugee Children	Title X, Part C McKinney Vento	REMS	21st Century Cohort V Yr. 1	21st Century Cohort IV Yr. 1	Title II Part A	Title III Part A	Title I Grants to LEAs ARRA	Special Education Part B ARRA
Cash and investments - beginning	\$ -	\$ 4,878	\$ -	\$ (1,911)	\$ (69,764)	\$ (18,898)	\$ (33,437)	\$ (6,667)	\$ 90,338	\$ (343,960)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	29,182	19,730	32,473	129,000	482,306	270,669	451,686	177,013	208,093	693,724
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	29,182	19,730	32,473	129,000	482,306	270,669	451,686	177,013	208,093	693,724
Disbursements:										
Current:										
Instruction	66,901	16,704	4,728	-	419,243	317,587	263,017	169,821	32,658	232,095
Support services	-	9,126	35,810	125,128	-	66	191,181	8,566	211,630	16,899
Noninstructional services	-	1,229	-	-	-	-	-	-	3,438	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	(2,000)	9,135	9,545	19,858	1,827	50,705	100,770
Total disbursements	66,901	27,059	40,538	123,128	428,378	327,198	474,056	180,214	298,431	349,764
Excess (deficiency) of receipts over disbursements	(37,719)	(7,329)	(8,065)	5,872	53,928	(56,529)	(22,370)	(3,201)	(90,338)	343,960
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	37,719	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	37,719	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,329)	(8,065)	5,872	53,928	(56,529)	(22,370)	(3,201)	(90,338)	343,960
Cash and investments - ending	\$ -	\$ (2,451)	\$ (8,065)	\$ 3,961	\$ (15,836)	\$ (75,427)	\$ (55,807)	\$ (9,868)	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Education Technology ARRA	McKinney Vento Education for Homeless ARRA	Education Jobs	Summer Youth Program	Summer Youth - IPIC	Payroll Deduction	Payroll Clearing	Student Financial Aid	Totals
Cash and investments - beginning	\$ (7,449)	\$ (769)	\$ (108,606)	\$ (21,020)	\$ 15,527	\$ 502	\$ 2,497,989	\$ 14,969	\$ 43,423,521
Receipts:									
Local sources	-	-	-	-	-	-	-	-	39,860,156
Intermediate sources	-	-	-	-	-	-	-	-	148,680
State sources	-	-	-	-	-	-	-	-	67,345,527
Federal sources	10,408	1,771	1,130,865	-	-	-	-	635,574	13,823,041
Temporary loans	-	-	-	-	-	-	-	-	4,478,765
Other	-	-	-	-	-	-	31,186,525	-	31,346,220
Total receipts	10,408	1,771	1,130,865	-	-	-	31,186,525	635,574	157,002,389
Disbursements:									
Current:									
Instruction	-	252	1,011,643	(21,020)	15,527	-	-	222,000	62,020,801
Support services	2,521	750	69,254	-	-	-	-	-	36,918,905
Noninstructional services	-	-	4,013	-	-	-	-	-	5,546,770
Facilities acquisition and construction	438	-	885	-	-	-	-	-	6,039,603
Debt services	-	-	-	-	-	-	-	-	11,549,496
Nonprogrammed charges	-	-	53,314	-	-	502	31,937,469	428,541	34,041,721
Total disbursements	2,959	1,002	1,139,109	(21,020)	15,527	502	31,937,469	650,541	156,117,296
Excess (deficiency) of receipts over disbursements	7,449	769	(8,244)	21,020	(15,527)	(502)	(750,944)	(14,967)	885,093
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	4,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	28,561
Transfers in	-	-	-	-	-	-	-	-	3,069,655
Transfers out	-	-	-	-	-	-	-	-	(3,069,655)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	4,028,561
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,449	769	(8,244)	21,020	(15,527)	(502)	(750,944)	(14,967)	4,913,654
Cash and investments - ending	\$ -	\$ -	\$ (116,850)	\$ -	\$ -	\$ -	\$ 1,747,045	\$ 2	\$ 48,337,175

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF DEBT
 As of June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
North Central Building Campus - 2006	\$ 16,225,000	\$ 1,468,000
North Central Building Campus - 2008	26,700,000	2,464,500
Chase Equipment Finance Apple Lease	349,002	353,365
Key Gov't Finance VOIP Lease	127,954	121,783
Chase Equipment Finance Portables Lease	<u>579,734</u>	<u>303,596</u>
Subtotal - Capital leases	<u>43,981,690</u>	<u>4,711,244</u>
Tax anticipation warrants	<u>4,478,765</u>	<u>4,521,276</u>
Bonds payable:		
General obligation bonds:		
Equipment Purchases - 2010	510,000	513,060
Projects and Equipment - 2011	1,500,000	1,012,913
Projects and Equipment - 2012A	2,000,000	1,021,594
Taxable Pension bonds, Series 2003	<u>7,960,000</u>	<u>1,459,250</u>
Subtotal - Bonds payable	<u>11,970,000</u>	<u>4,006,817</u>
Total debt	<u>\$ 60,430,455</u>	<u>\$ 13,239,338</u>

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULTS AND COMMENTS

**INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE
OF EXPENDITURES OF FEDERAL AWARDS**

The Schedule of Expenditures of Federal Awards (SEFA) is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, and Local Governments, and Non-Profit Organizations for entities receiving federal funds in excess of \$500,000 in order to summarize the use of federal monies received. The School Corporation did not have proper procedures in place to ensure that the SEFA prepared was materially correct and included the expenditures of all federal programs awarded to the School Corporation. The original information presented did not include the expenditures related to the student financial aid programs at the J. Everett Light Career Center.

Effective internal control over preparation of the SEFA involves the identification and analysis of the risks of material misstatement to the School Corporation's SEFA and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable SEFA and as a result has failed to design effective controls over the preparation of the SEFA to prevent or detect material misstatements, including notes to the SEFA.

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

"The auditee shall:

(c) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Circular A-133, subpart .310."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ACCOUNTING FOR CERTAIN FEDERAL GRANTS

The financial activity of the Federal Pell Grant Program and Federal Direct Student Loans program was maintained in the Extra-Curricular Account (ECA) records of the J. Everett Light Career Center and not in the accounting records of the School Corporation. For the audit period, an audit adjustment was presented to and approved by management which added the financial activity of these federal programs to the School Corporation's financial statements.

All financial transactions related to the School Corporation should be accounted for in the School Corporation records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part:

"The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds. "Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

CREDIT CARDS

The School Corporation used credit cards to purchase various items. The School Board approved policy on the use of the district credit card did not go into specifics on the handling and use of the credit cards. Instead, the policy only stated the Superintendent shall develop the guidelines that specify the card's uses. We also noted two schools had and used their own individually obtained credit cards for which no School Board approval was noted and no credit card policy was established.

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.
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)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

TRAVEL REIMBURSEMENT POLICY

The current travel reimbursement policy presented for audit did not specify a mileage rate to be used. Therefore, compliance with a specified rate could not be tested. A policy, approved by the School Board, to reimburse travel related expenses should specify the rate to be used when reimbursing employees for using their personal vehicles to conduct School Corporation business.

Each governmental unit should adopt a written travel policy in conformity with applicable statutes. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

NEGATIVE POSTINGS

Several negative disbursement postings were noted on the Form 9 negative exceptions report. Posting errors can be reversed if found within the same semester period, otherwise they are to be corrected through the use of disbursement adjustments within a fund or transfers in and out if involving more than one fund. A similar comment appeared in prior Report B40129.

Receipt and disbursement corrections or other errors should be corrected by memorandum entry with the issuance of a check and receipt to document the flow of the transactions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PARKING FUND – Applies to North Central High School

North Central High School collected fees from students for parking on school property. Additionally, they collected parking fines. The fees and fines are recorded on the ledger of the Extra-Curricular Account (ECA) in the Parking Fund. The fee and fines were not approved by the School Board for the 2011-12 school year. Total receipts and disbursements, per the ECA financial records, for the audit period were \$26,572 and \$17,428, respectively. The disbursements were classified into the following categories:

<u>Category</u>	<u>Amount</u>	<u>Total Disbursements</u>
Food	\$ 6,633	38%
Supplies	8,365	48%
Other	<u>2,430</u>	14%
Total Disbursements	<u>\$ 17,428</u>	

A similar comment appeared in prior Report B40129.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Manual for Extra-Curricular Accounts, Chapter 7)

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Manual for Extra-Curricular Accounts, Chapter 7)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, provides in part:

"The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions.

ECA DEPOSITS – Applies to Eastwood Middle School

In our testing of receipts, we noted Receipt Form SA-3 did not specify the amounts received by payment type, such as, cash, check, and money order. Therefore, we were unable to determine if receipts were deposited in the same form in which they were received.

Additionally, our testing of receipts issued specifically for textbook rental indicated deposits were not always made timely. We noted four instances where deposits were held for over a month and ranged in amounts from \$5,411 to \$12,117.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited under this subsection shall be deposited in the same form in which they were received."

Indiana Code 20-41-1-9(a) states in part: ". . . receipts shall be deposited without unreasonable delay."

USE OF TICKET SALES REPORT (FORM SA-4) – Applies to Eastwood and Northview Middle Schools

At Eastwood and Northview Middle Schools, prenumbered tickets were used at events for which an admissions charge was collected. However, the "stub" portion of the ticket was not retained. Also, we noted the Ticket Sales Report (Form SA-4) was not always used for events at Northview Middle School.

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
AUDIT RESULTS AND COMMENTS
(Continued)

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 Extra-Curricular Accounts, Chapter 7)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for 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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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT OF
WASHINGTON TOWNSHIP, MARION COUNTY, INDIANA

Compliance

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

As described in item 2012-2 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles applicable to its Education Jobs Fund grant. Additionally, as described in item 2012-3 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Reporting that are applicable to its Title I, Part A Cluster and Education Jobs Fund grants. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its other major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

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 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be significant deficiencies, or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-2 and 2012-3 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2012-4, to be significant deficiencies.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. 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.



Bruce Hartman
State Examiner

March 7, 2013

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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.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Year Ended June 30, 2012

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
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Pass-Through Indiana Department of Education			
Child Nutrition Cluster			
School Breakfast Program	10.553	FY 2012	\$ <u>1,135,620</u>
National School Lunch Program	10.555	FY 2012	<u>2,663,937</u>
Summer Food Service Program for Children	10.559	FY 2012	<u>109,024</u>
Total for federal grantor agency			<u>3,908,581</u>
<u>U.S. DEPARTMENT OF LABOR</u>			
Pass-Through Indianapolis Private Industry Council			
WIA Cluster			
WIA Youth Activities	17.259	S1307-WO-10-Y	<u>148,680</u>
Total for federal grantor agency			<u>148,680</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	11-5370	217,823
		12-5370	2,248,120
Distinguished Schools		12-5370	<u>9,927</u>
Total for program			<u>2,475,870</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	11-5370	<u>208,093</u>
Total for cluster			<u>2,683,963</u>
Special Education Cluster (IDEA)			
Special Education - Grants to States	84.027	14211-060-PN01	203,397
		14212-060-PN01	<u>2,005,846</u>
Total for program			<u>2,209,243</u>
Special Education - Preschool Grants	84.173	45711-060-PN01	25,278
		45712-060-PN01	<u>49,957</u>
Total for program			<u>75,235</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	3310-060-SN01	<u>693,724</u>
Total for cluster			<u>2,978,202</u>
Direct Grant			
Student Financial Assistance Cluster			
ARRA - Federal PELL Grant Program, Recovery Act	84.063	P063P114146	<u>198,192</u>
Federal Direct Student Loans	84.268	P268K114146	51,047
		P268K124146	<u>364,889</u>
Total for program			<u>415,936</u>
Total for cluster			<u>614,128</u>
Pass-Through Indiana Department of Education			
Education of Homeless Children and Youth Cluster			
Education for Homeless Children and Youth	84.196	FY 2012	<u>32,473</u>
ARRA - Education for Homeless Children and Youth, Recovery Act	84.387	072071129	<u>1,771</u>
Total for cluster			<u>34,244</u>

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2012
(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
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>			
Pass-Through Indiana Department of Education (continued)			
Educational Technology State Grants Cluster			
ARRA - Education Technology State Grants, Recovery Act	84.386	C209S5370	<u>10,408</u>
Direct Grant			
Safe and Drug Free Schools and Communities - National Programs	84.184	Q184E090286	<u>129,000</u>
Pass-Through Indiana Department of Education			
Adult Education - Basic Grants to States			
	84.002	A58-1-11CI-137 C1-2-AE-1833	<u>105,069</u> <u>203,124</u>
Total for program			<u>308,193</u>
Career and Technical Education - Basic Grants to States			
	84.048	11-4700-5370 11-6200-5370 11-6200-5370 12-4700-5370	<u>183,925</u> <u>37,719</u> <u>29,182</u> <u>466,486</u>
Total for program			<u>717,312</u>
Safe and Drug Free Schools and Communities - State Grants	84.186	11-5370	<u>37,381</u>
Twenty-First Century Community Learning Centers			
	84.287	Cohort IV Yr 2 Cohort IV Yr 3 Cohort V Yr 1 Cohort V Yr 2	<u>81,643</u> <u>189,026</u> <u>48,143</u> <u>434,163</u>
Total for program			<u>752,975</u>
English Language Acquisition Grants	84.365	51111-145-PN01 01112-062-PN01	<u>12,347</u> <u>164,666</u>
Total for program			<u>177,013</u>
Mathematics and Science Partnerships	84.366	A58-1-11-CI-271 A58-1-11-CI-272	<u>55,447</u> <u>58,889</u>
Total for program			<u>114,336</u>
Improving Teacher Quality State Grants	84.367	11-5370 12-5370	<u>206,184</u> <u>245,502</u>
Total for program			<u>451,686</u>
Education Jobs Fund	84.410	S410A100015/5370	<u>1,130,865</u>
Total for federal grantor agency			<u>10,139,706</u>
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>			
Pass-Through Indiana Department of Education			
Refugee and Entrant Assistance - Discretionary Grants			
	93.576	76711-004-PN01 700REFSCHLIMF11-004	<u>9,000</u> <u>10,730</u>
Total for program			<u>19,730</u>
Total for federal grantor agency			<u>19,730</u>
Total federal awards expended			<u>\$ 14,216,697</u>

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

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
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 Metropolitan School District of Washington Township (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.

Note 2. Federal Direct Student Loans

The Schedule of Expenditures of Federal Awards includes Federal Direct Student Loans which were not made by the School Corporation but were received by students in its School of Practical Nursing program administered at the J. Everett Light Career Center. The School Corporation is responsible only for the performance of certain administrative duties with respect to these loans.

The number of guaranteed loans students and the total amount processed for the Direct Loan Program (CFDA 84.268) for the year ended June 30, 2012, was as follows:

Program Title	Federal CFDA Number	Number of Students	2012
Federal Direct Loan Program (Subsidized and Unsubsidized)	84.268	133	\$ 415,936

Note 3. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the year ending June 30, 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012
School Breakfast Program	10.553	\$ 87,867
National School Lunch Program	10.555	189,947

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unqualified for all programs except Education Jobs Fund and Title I, Part A Cluster, which were qualified.
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
84.287	Twenty-first Century Community Learning Centers
84.367	Improving Teacher Quality State Grants
84.410	Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$408,077

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards (SEFA) is required by the U.S. Office of Management and Budget Circular A-133, Audits of States, and Local Governments, and Non-Profit Organizations for entities receiving federal funds in excess of \$500,000 in order to summarize the use of federal monies received. The School Corporation did not have proper procedures in place to ensure that the

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

SEFA prepared was materially correct and included the expenditures of all federal programs awarded to the School Corporation. The original information presented did not include the expenditures related to the student financial aid programs at the J. Everett Light Career Center.

Effective internal control over preparation of the SEFA involves the identification and analysis of the risks of material misstatement to the School Corporation's SEFA and then determining how those identified risks should be managed. The School Corporation has not identified risks to the preparation of a reliable SEFA and as a result has failed to design effective controls over the preparation of the SEFA to prevent or detect material misstatements, including notes to the SEFA.

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

"The auditee shall:

(c) Identify, in its accounts, all Federal awards received and expended and the Federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

(d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with Circular A-133, subpart .310."

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that the School Corporation implement procedures and controls to ensure that required information is properly recorded and available for preparation of the SEFA.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 – ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education
Federal Programs: Education Jobs Fund
CFDA Number: 84.410
Award Number: S410A100015/5370
Pass-Through Entity: Indiana Department of Education

The Metropolitan School District of Washington Township (School Corporation) disbursed, and was subsequently reimbursed by the Indiana Department of Education, \$114,010 from the Education Jobs Fund program for items that were not allowable under the federal provisions for this grant. The disbursements

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

included \$60,696 for contractual services and \$53,314 for indirect costs. Internal controls were not effective in preventing unallowed costs from being charged to the program. Due to the magnitude of the noncompliance and weaknesses in internal controls, we have determined this to be a material weakness.

We considered the \$114,010 to be questioned costs.

34 CFR 80.22 states in part:

"(a) Limitation on use of funds. Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; . . ."

34 CFR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

Public Law No. 111-226, Section 101(5) states in part: ". . . funds awarded to local educational agencies under paragraph (3)—

(A) may be used only for compensation and benefits and other expenses, such as support services, necessary to retain existing employees, to recall or rehire former employees, and to hire new employees, in order to provide early childhood, elementary, or secondary educational and related services; and

(B) may not be used for general administrative expenses or for other support services expenditures as those terms were defined by the National Center for Education Statistics in its Common Core of Data as of the date of enactment of this Act."

The Initial Guidelines for States on the Education Jobs Fund Program, issued by the U.S. Department of Education (April 2011), states in part:

D(7) ". . . An LEA may not use the funds to pay for contractual school-level services by individuals who are not employees of an LEA (e.g., janitors employed by an outside firm)."

D(4) ". . .The statute prohibits LEAs from using Ed Jobs funds for general administrative expenses as that term is defined by the National Center for Education Statistics (NCES) in its Common Core of Data. These prohibited expenses are administrative expenditures related to the operation of the superintendent's office or the LEA's board of education, including the salaries and benefits of LEA-level administrative employees.

The statute also prohibits LEAs from using Ed Jobs funds for other LEA-level support services expenditures as that term is defined in the Common Core of Data. These prohibited activities include the payment of expenditures for fiscal services, LEA program planners and researchers, and human resource services."

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

"The auditee shall . . .

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

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

We recommended that School Corporation Officials establish internal controls to ensure grant requirements are complied with and to ensure federal funds are expended only for allowable activities. We also recommended that School Corporation Officials contact the Indiana Department of Education for guidance and resolution regarding reimbursements for costs not allocable to the grant.

FINDING 2012-3 - CASH MANAGEMENT AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I, Grants to Local Educational Agencies; ARRA - Title I Grants to Local Educational Agencies, Recovery Act
CFDA Number: 84.010, 84.389
Federal Award Number: 11-5370, 12-5370
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Federal Award Number: S410A100015/5370
Pass-Through Entity: Indiana Department of Education

The School Corporation was awarded grants from the Title I, Grants to Local Educational Agencies and Education Jobs Fund programs. The Indiana Department of Education (IDOE) required these grants to be reimbursement-type grants, whereby, distribution of grant funds were made to the School Corporation after the School Corporation had expended funds for grant purposes and submitted a form (Reimbursement Form) to IDOE requesting reimbursement.

Internal controls related to the cash management and reporting compliance requirements were not operating effectively. The documentation supporting program expenditures by the School Corporation did not always agree to the amount of reimbursement being requested.

We noted four instances for Title I and two instances for Education Jobs where the individual Reimbursement Forms were not adequately supported by the School Corporation's ledger of expenditures. In each instance, the School Corporation's appropriation ledger, which recorded program expenditures for a specific period, did not agree with the amount for which a reimbursement was being requested. Due to the lack of adequate detailed supporting documentation provided for the Reimbursement Form, it was determined the controls over cash management and reporting were not effective.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A reconciliation of program activity, as listed on the appropriation ledger, to the amount being requested for reimbursement was not performed before the Reimbursement Form was submitted to the IDOE. Such a reconciliation could detect any over or under reporting. The lack of a reconciliation weakened internal controls over the cash management and reporting compliance requirements. Due to the magnitude of the noncompliance and weaknesses in internal controls, we have determined this to be a material weakness.

34 CFR Part 80.21(d) states:

"(d) *Reimbursement.* Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. Grantees and subgrantees may also be paid by reimbursement for any construction grant. Except as otherwise specified in regulation, Federal agencies shall not use the percentage of completion method to pay construction grants. The grantee or subgrantee may use that method to pay its construction contractor, and if it does, the awarding agency's payments to the grantee or subgrantee will be based on the grantee's or subgrantee's actual rate of disbursement."

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

"The auditee shall . . .

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

The failure to establish effective internal controls could allow material noncompliance of grant provisions and compliance requirements to occur and go undetected. Additionally, without detailed expenditure records that are in agreement with the amount being requested for reimbursement, undetected errors could occur that might affect the amounts used in subsequent monthly reimbursement requests.

We recommended that School Corporation Officials develop and implement procedures and controls to ensure the expenditures for which reimbursement is being requested are supported by accurate financial information.

FINDING 2012-4 – ACTIVITIES ALLOWED OR UNALLOWED

Federal Agency: U.S. Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Number and Year (or Other Identifying Number): 11-5370, 12-5730

Pass-Through Entity: Indiana Department of Education

The School Corporation disbursed, and was subsequently reimbursed by the Indiana Department of Education (IDOE), \$19,120 from the Improving Teacher Quality State Grants program for items that were not allowable under the federal provisions for this grant. The School Corporation's expense was in the form of payment directly to participating nonpublic schools as reimbursement for professional development expenses those nonpublic schools had incurred. Internal controls were not effective in preventing unallowed costs from being charged to the program. Due to the magnitude of the noncompliance and weaknesses in internal controls, we have determined this to be a significant deficiency.

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The payment for professional development was allowable under the School Corporation's grant application approved by the IDOE. However, the application and federal provisions do not authorize direct payments to nonpublic schools. The School Corporation must administer and retain control over the funds and, therefore, may not provide or reimburse program funds directly to nonpublic schools. The School Corporation may only pay third parties directly for services received by the participating nonpublic schools.

The IDOE conducted a 2011-12 winter cycle monitoring review and notified the School Corporation of this issue. The School Corporation corrected the procedures they had in place and no longer reimburses the participating nonpublic schools.

20 USC 6320(a)(5) states in part: "The local educational agency may provide services under this section directly or through contracts with public and private agencies, organizations, and institutions."

20 USC 6320(d)(1) states in part: "The control of funds provided under this part, and title to materials, equipment, and property purchased with such funds, shall be in a public agency, and a public agency shall administer such funds, materials, equipment, and property."

20 USC 6320(d)(2)(A) states in part: "The provision of services under this section shall be provided (i) by employees of a public agency; or (ii) through contract by such public agency with an individual, association, agency, or organization."

34 CFR 80.22 states in part:

"(a) Limitation on use of funds. Grant funds may be used only for: (1) The allowable costs of the grantees, subgrantees and cost-type contractors, including allowable costs in the form of payments to fixed-price contractors; . . ."

34 CFR 80.20 states in part:

"(b) The financial management systems of other grantees and subgrantees must meet the following standards: (5) Allowable cost. Applicable OMB cost principles, agency program regulations, and the terms of grant and subgrant agreements will be followed in determining the reasonableness, allowability, and allocability of costs."

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

"The auditee shall . . .

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

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

We recommended that School Corporation's Officials establish internal controls to ensure grant requirements are complied with and to ensure federal funds are expended only for allowable activities.



WASHINGTON TOWNSHIP

Mr. Joseph A. Licata, CPA, *Chief Business Officer*

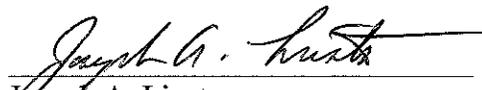
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2011-2

Original SBA Audit Report Number:	B40129
Fiscal Years	July 1, 2009 to June 30, 2011
Auditee Contact Person	Joseph A. Licata
Title of Contact Person	Chief Business Officer
Phone Number	317-205-3332, Ext. 77210
Status of Finding	Final complete report was resubmitted to IDOE.

FINDING 2011-1 – EQUIPMENT AND REAL PROPERTY MANAGEMENT

The corrective action plan stated that a physical inventory of equipment purchased with federal monies is completed. Items are identified and kept on a separate report at the district's Career Center. The inventory should be updated annually or as equipment is purchased throughout the year.



Joseph A. Licata
Chief Business Officer

12-10-2012
Date



WASHINGTON TOWNSHIP

Mr. Joseph A. Licata, CPA, *Chief Business Officer*

CORRECTIVE ACTION PLAN – RESPONSE TO FINDINGS FEDERAL AWARDS JULY 1, 2011 TO JUNE 30, 2012

Finding No. 2012-1 – INTERNAL CONTROL OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal Agency: U. S. Department of Education
Federal Program: Federal Direct Student Loans
CFDA Number: 84.268
Direct Grant: Student Financial Assistance Cluster

Corrective Action Plan – Response to Finding

The Metropolitan School District of Washington Township will put proper procedures in place to ensure that the Schedule of Expenditures of Federal Awards is prepared in such a manner that it includes all federal programs awarded to the school district.

Finding No. 2012-2 – ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U. S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Award Number: S410A100015/5370
Pass-Through Entity: Indiana Department of Education

Corrective Action Plan – Response to Finding

MSD Washington Township will develop effective internal controls designed to prevent unallowed costs from being charged to this federal program.

Finding No. 2012-3 – CASH MANAGEMENT AND REPORTING

Federal Agency: U. S. Department of Education
Federal Program: Title I, Grants to Local Educational Agencies
CFDA Number: 84.010, 84.389
Award Number: 11-5370, 12-5370
Pass-Through Entity: Indiana Department of Education

Federal Agency: U. S. Department of Education
Federal Program: Education Jobs Fund
CFDA Number: 84.410
Award Number: S410A100015/5370
Pass-Through Entity: Indiana Department of Education

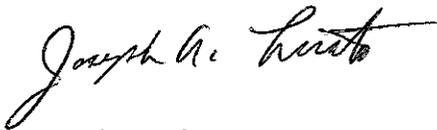
MSD Washington Township will develop and implement improved procedures and controls to ensure that supporting documentation for a reimbursement is more easily traced and reconciled to financial records.

Finding No. 2012-4 – ACTIVITIES ALLOWED OR UNALLOWED

Federal Agency: U. S. Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Award Number and Year (or Other Identifying Number): 11-5370, 12-5370
Pass-Through Entity: Indiana Department of Education

MSD Washington Township will develop and establish internal controls to ensure that grant requirements are complied with and that federal funds are spent on allowable activities.

Respectfully,



Joseph A. Licata
Chief Business Officer

Cc: Dr. Nikki Woodson, Superintendent
Mr. Donald Kite, President, Board of Education

METROPOLITAN SCHOOL DISTRICT OF WASHINGTON TOWNSHIP
EXIT CONFERENCE

The contents of this report were discussed on March 7, 2013, with Donald Kite, President of the School Board; Dr. Nikki Woodson, Superintendent of Schools; Joseph Licata, Chief Business Officer/Treasurer; and Amanda Brackett, Supervisor of Business Services. The Official Response has been made a part of this report and may be found on page 51.



WASHINGTON TOWNSHIP

Mr. Joseph A. Licata, CPA, *Chief Business Officer*

OFFICIAL RESPONSE

March 15, 2013

State Board of Accounts
302 W. Washington Street, Room E418
Indianapolis, IN 46207-2765

This is the Official Response to become part of the audit report of the Metropolitan School District of Washington Township, for the year ended June 30, 2012.

The Audit Results and Comments entitled INTERNAL CONTROLS OVER PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS relates to how federal financial aid grant and loan monies have been presented and reported. Students enrolled in a Practical Nursing program at our J. Everett Light Career Center are eligible for and have been receiving federal financial aid in the form of grants and loans to pay their tuition and fees for many years.

I acknowledge that the officials of MSD Washington Township (MSDWT) are responsible for information contained in our Schedule of Expenditures of Federal Awards. However, the reality is that Field Examiners of the State Board of Accounts have always prepared that schedule for MSDWT as I'm sure you do for other school districts audited. The fact that grant monies have been shown in the schedule and the loan monies have been disclosed in a Note to the SEFA, has always been decided by the State Board of Accounts. We have not had reason to question this presentation in the past and have in good faith relied upon the State Board of Accounts expertise to insure fair and accurate presentation. I have reviewed the previous six audit reports and it has always been presented this way. Had the State Board of Accounts suggested that the loan monies be presented in the SEFA, we certainly would not have objected to that recommendation.

As for the remaining Audit Results and Comments, I concur with your findings and we will make every effort to have those issues rectified.

As always, the field staff that performed our audit was extremely professional and helpful. Thank you very much.

Respectfully,

Joseph A. Licata
Chief Business Officer

CC: Dr. Nikki Woodson, Superintendent
Mr. Donald Kite, President, Board of Education