

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

WABASH CITY SCHOOLS  
WABASH COUNTY, INDIANA

July 1, 2011 to June 30, 2013



**FILED**  
03/14/2014



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michele L. Hough	07-01-11 to 06-30-14
Superintendent of Schools	Jason A. Callahan	07-01-11 to 06-30-14
President of the School Board	Jeffrey Knee William S. Konyha	07-01-11 to 06-30-12 07-01-12 to 06-30-14



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INDEPENDENT AUDITOR'S REPORT

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

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Wabash City Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated February 3, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

***Accompanying Information***

*Supplementary Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

*Other Information*

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.

  
Paul D. Joyce, CPA  
State Examiner

February 3, 2014



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INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Wabash City Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated February 3, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 items 2013-001 and 2013-002 to be material weaknesses.

***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

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL  
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(Continued)

with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Question Costs as items 2013-001 and 2013-002.

***Wabash City Schools' Response to Findings***

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 3, 2014

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## FINANCIAL STATEMENT

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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WABASH CITY SCHOOLS  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11		Other Financing Sources (Uses)		Cash and Investments 06-30-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 283,853	\$ 12,803,338	\$ 11,919,705	\$ 2,590	\$ 1,170,076	\$ 11,728,942	\$ 10,918,558	\$ 6,901	\$ 1,987,361	
Debt Service	213,172	687,512	690,942	-	209,742	1,199,577	1,009,825	-	399,494	
Capital Projects	752,255	1,067,316	1,398,202	-	421,369	815,723	1,038,879	-	198,213	
Transportation Operating	774,092	392,035	721,542	7,525	452,110	451,018	440,492	-	462,636	
School Bus Replacement	(13,910)	72,976	89,619	-	(30,553)	105,053	25,199	-	49,301	
Rainy Day	555,000	300,000	75,841	-	779,159	-	545,841	-	233,318	
Construction	22,551	-	-	-	22,551	-	-	-	22,551	
School Lunch	110,051	856,721	889,615	-	77,157	999,218	1,028,753	-	47,622	
Textbook Rental	160,913	167,284	216,694	-	111,503	244,224	172,356	-	183,371	
Levy Excess	14,472	20,250	-	-	34,722	6,178	40,899	-	1	
Alternative Education	1,960	3,193	2,141	-	3,012	7,184	1,932	-	8,264	
Early Intervention Grant	-	34,476	34,463	-	13	-	-	-	13	
Community Foundation Grant - WHS Geible	8	-	-	-	8	-	8	-	-	
Daymude Tutoring Program	-	21,200	10,500	-	10,700	28,500	26,990	-	12,210	
Community Foundation Grant - WCM Camp	120	-	-	-	120	-	120	-	-	
Community Foundation Grant - Gorman	(5)	-	-	-	(5)	-	(5)	-	-	
School Wide Enrichment	1	-	-	-	1	-	1	-	-	
Cape / Lilly / Kindergarten Squared Grant	57	-	-	-	57	-	57	-	-	
Community Foundation Grant - Door Openers	94	-	-	-	94	-	-	-	94	
Scholarships and Awards - Burcroff	2,258	-	-	-	2,258	-	-	-	2,258	
Scholarships and Awards - Shand	2,074	-	-	-	2,074	-	-	-	2,074	
Dental	1,843	256	200	-	1,899	-	-	-	1,899	
Project Lead the Way Grant	(16,549)	-	-	-	(16,549)	-	(16,549)	-	-	
Gifted and Talented	9,916	29,810	34,891	-	4,835	30,436	27,268	-	8,003	
Tech Prep	653	-	-	-	653	-	653	-	-	
Non-English Speaking Programs PL 273-1999	1,041	-	-	-	1,041	-	-	-	1,041	
School Technology	1,090	-	-	-	1,090	-	134	-	956	
Classroom Innovation in Math	253	-	-	-	253	-	-	-	253	
State Connectivity: Technology	(2,472)	2,466	-	-	(6)	3,621	2,604	-	1,011	
Performance Based Awards	42	-	-	-	42	-	42	-	-	
Technology Planning Grant	822	-	-	-	822	-	822	-	-	
CLASS Grant	17	822	-	-	839	-	-	-	839	
Visual and Performing Arts	23,168	32,723	25,944	-	29,947	23,047	30,257	-	22,737	
Wabash Valley Youth Orchestra	414	-	-	-	414	-	-	-	414	
Excess PTRC Distributions	8,517	(8,517)	-	-	-	7,379	7,379	-	-	
Indiana Heritage Arts	87	-	-	-	87	-	87	-	-	
ECIA Title I 10-11	(32,009)	73,984	41,976	-	(1)	-	-	-	(1)	
PL 107-110 ECIA Title I 11-12	-	254,799	288,852	-	(34,053)	104,003	69,953	-	(3)	
Title I 2012-2013	-	-	-	-	-	231,501	256,943	-	(25,442)	
Title V Part A Innovative Strategies 07-08	2,534	-	-	-	2,534	-	546	-	1,988	
Title VI 2001-02 PL103-382	29	-	-	-	29	-	-	-	29	
Title II Technology Grants	38	-	-	-	38	-	38	-	-	
Vocational Education Homemaking	5	-	-	-	5	-	5	-	-	
Project Lead the Way Vocational Perkins	11,117	23,923	18,482	-	16,558	-	16,558	-	-	
Educating America, Title III	4	-	-	-	4	-	4	-	-	
Class Size Reduction	52	-	-	-	52	-	52	-	-	
Improving Teaching Quality, Title II, Part A	1,022	69,680	60,772	-	9,930	87,488	83,772	-	13,646	
Education Through Technology, Title II, Part D	28,069	-	23,035	-	5,034	-	5,035	-	(1)	
Enhancing Education Through Technology CAD3	(2,824)	25,000	25,289	-	(3,113)	-	(3,114)	-	1	
Rural Schools and Low Income Program	-	-	32,680	-	(32,680)	32,679	(1)	-	-	
Title III, Language Instruction	456	951	-	-	1,407	-	-	-	1,407	
Special Education Part B	(1,890)	15,251	13,338	-	23	-	23	-	-	
Education Jobs	-	239,715	338,944	-	(99,229)	114,641	15,411	-	1	
Clearing	47,223	3,927,401	3,903,982	-	70,642	2,878,192	2,891,776	-	57,058	
<b>Totals</b>	<b>\$ 2,961,684</b>	<b>\$ 21,114,565</b>	<b>\$ 20,857,649</b>	<b>\$ 10,115</b>	<b>\$ 3,228,715</b>	<b>\$ 19,098,604</b>	<b>\$ 18,639,603</b>	<b>\$ 6,901</b>	<b>\$ 3,694,617</b>	

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

WABASH CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT

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

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

*C. Cash and Investments*

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

*D. Receipts*

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

Local sources 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.

WABASH CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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.

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, 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:

WABASH CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*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.

WABASH CITY SCHOOLS  
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.

WABASH CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
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. Negative Receipts and Disbursements**

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of reclassification entries made to correct previous postings to a fund or a receipt or disbursement category within a fund.

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of inadequate tax levy or grant reimbursements not yet received.

WABASH CITY SCHOOLS  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. *Holding Corporation***

The School Corporation has entered into a capital lease with the Wabash City Schools Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2012 and 2013 totaled \$400,250 and \$525,000, respectively.

**Note 10. *Other Postemployment Benefits***

The School Corporation provides health insurance to eligible retirees and their spouses. 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.

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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.

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 283,853	\$ 213,172	\$ 752,255	\$ 774,092	\$ (13,910)	\$ 555,000	\$ 22,551	\$ 110,051
Receipts:								
Local sources	230,705	687,512	1,067,316	390,436	72,976	300,000	-	313,695
Intermediate sources	203	-	-	-	-	-	-	-
State sources	10,503,396	-	-	-	-	-	-	6,165
Federal sources	-	-	-	-	-	-	-	533,996
Temporary loans	1,000,000	-	-	-	-	-	-	-
Other	1,069,034	-	-	1,599	-	-	-	2,865
Total receipts	<u>12,803,338</u>	<u>687,512</u>	<u>1,067,316</u>	<u>392,035</u>	<u>72,976</u>	<u>300,000</u>	<u>-</u>	<u>856,721</u>
Disbursements:								
Current:								
Instruction	7,097,402	-	-	-	-	-	-	-
Support services	3,605,185	-	671,963	721,542	89,619	-	-	7,631
Noninstructional services	216,218	-	-	-	-	-	-	881,390
Facilities acquisition and construction	900	-	682,178	-	-	-	-	-
Debt services	1,000,000	690,942	44,061	-	-	75,841	-	594
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>11,919,705</u>	<u>690,942</u>	<u>1,398,202</u>	<u>721,542</u>	<u>89,619</u>	<u>75,841</u>	<u>-</u>	<u>889,615</u>
Excess (deficiency) of receipts over disbursements	<u>883,633</u>	<u>(3,430)</u>	<u>(330,886)</u>	<u>(329,507)</u>	<u>(16,643)</u>	<u>224,159</u>	<u>-</u>	<u>(32,894)</u>
Other financing sources (uses):								
Sale of capital assets	2,590	-	-	7,525	-	-	-	-
Total other financing sources (uses)	<u>2,590</u>	<u>-</u>	<u>-</u>	<u>7,525</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>886,223</u>	<u>(3,430)</u>	<u>(330,886)</u>	<u>(321,982)</u>	<u>(16,643)</u>	<u>224,159</u>	<u>-</u>	<u>(32,894)</u>
Cash and investments - ending	<u>\$ 1,170,076</u>	<u>\$ 209,742</u>	<u>\$ 421,369</u>	<u>\$ 452,110</u>	<u>\$ (30,553)</u>	<u>\$ 779,159</u>	<u>\$ 22,551</u>	<u>\$ 77,157</u>

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Textbook Rental	Levy Excess	Alternative Education	Early Intervention Grant	Community Foundation Grant - WHS Geible	Daymude Tutoring Program	Community Foundation Grant - WCM Camp	Community Foundation Grant - Gorman
Cash and investments - beginning	\$ 160,913	\$ 14,472	\$ 1,960	\$ -	\$ 8	\$ -	\$ 120	\$ (5)
Receipts:								
Local sources	94,984	20,250	-	-	-	21,200	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	69,601	-	3,193	34,476	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	2,699	-	-	-	-	-	-	-
Total receipts	167,284	20,250	3,193	34,476	-	21,200	-	-
Disbursements:								
Current:								
Instruction	-	-	2,141	14,740	-	-	-	-
Support services	216,694	-	-	14,000	-	10,500	-	-
Noninstructional services	-	-	-	5,723	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	216,694	-	2,141	34,463	-	10,500	-	-
Excess (deficiency) of receipts over disbursements	(49,410)	20,250	1,052	13	-	10,700	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(49,410)	20,250	1,052	13	-	10,700	-	-
Cash and investments - ending	\$ 111,503	\$ 34,722	\$ 3,012	\$ 13	\$ 8	\$ 10,700	\$ 120	\$ (5)

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	School Wide Enrichment	Cape / Lilly / Kindergarten Squared Grant	Community Foundation Grant - Door Openers	Scholarships and Awards - Burcroff	Scholarships and Awards - Shand	Dental	Project Lead the Way Grant	Gifted and Talented
Cash and investments - beginning	\$ 1	\$ 57	\$ 94	\$ 2,258	\$ 2,074	\$ 1,843	\$ (16,549)	\$ 9,916
Receipts:								
Local sources	-	-	-	-	-	256	-	5,962
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	23,848
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	256	-	29,810
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	22,798
Support services	-	-	-	-	-	200	-	12,093
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	200	-	34,891
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	56	-	(5,081)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	56	-	(5,081)
Cash and investments - ending	<u>\$ 1</u>	<u>\$ 57</u>	<u>\$ 94</u>	<u>\$ 2,258</u>	<u>\$ 2,074</u>	<u>\$ 1,899</u>	<u>\$ (16,549)</u>	<u>\$ 4,835</u>

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Tech Prep	Non-English Speaking Programs PL 273-1999	School Technology	Classroom Innovation in Math	State Connectivity: Technology	Performance Based Awards	Technology Planning Grant	CLASS Grant
Cash and investments - beginning	\$ 653	\$ 1,041	\$ 1,090	\$ 253	\$ (2,472)	\$ 42	\$ 822	\$ 17
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	822
State sources	-	-	-	-	2,466	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	2,466	-	-	822
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	2,466	-	-	822
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	2,466	-	-	822
Cash and investments - ending	\$ 653	\$ 1,041	\$ 1,090	\$ 253	\$ (6)	\$ 42	\$ 822	\$ 839

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Visual and Performing Arts	Wabash Valley Youth Orchestra	Excess PTRC Distributions	Indiana Heritage Arts	ECIA Title I 10-11	PL 107-110 ECIA Title I 11-12	Title I 2012-2013	Title V Part A Innovative Strategies 07-08
Cash and investments - beginning	\$ 23,168	\$ 414	\$ 8,517	\$ 87	\$ (32,009)	\$ -	\$ -	\$ 2,534
Receipts:								
Local sources	32,723	-	(8,517)	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	73,984	254,799	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	32,723	-	(8,517)	-	73,984	254,799	-	-
Disbursements:								
Current:								
Instruction	25,684	-	-	-	42,719	272,733	-	-
Support services	260	-	-	-	(743)	14,944	-	-
Noninstructional services	-	-	-	-	-	1,175	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	25,944	-	-	-	41,976	288,852	-	-
Excess (deficiency) of receipts over disbursements	6,779	-	(8,517)	-	32,008	(34,053)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,779	-	(8,517)	-	32,008	(34,053)	-	-
Cash and investments - ending	\$ 29,947	\$ 414	\$ -	\$ 87	\$ (1)	\$ (34,053)	\$ -	\$ 2,534

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Title VI 2001-02 PL103-382	Title II Technology Grants	Vocational Education Homemaking	Project Lead the Way Vocational Perkins	Educating America, Title III	Class Size Reduction	Improving Teaching Quality, Title II, Part A	Education Through Technology, Title II, Part D
Cash and investments - beginning	\$ 29	\$ 38	\$ 5	\$ 11,117	\$ 4	\$ 52	\$ 1,022	\$ 28,069
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	23,923	-	-	-	-
Federal sources	-	-	-	-	-	69,680	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	23,923	-	-	69,680	-
Disbursements:								
Current:								
Instruction	-	-	-	18,482	-	-	-	-
Support services	-	-	-	-	-	60,772	23,035	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	18,482	-	-	60,772	23,035
Excess (deficiency) of receipts over disbursements	-	-	-	5,441	-	-	8,908	(23,035)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	5,441	-	-	8,908	(23,035)
Cash and investments - ending	\$ 29	\$ 38	\$ 5	\$ 16,558	\$ 4	\$ 52	\$ 9,930	\$ 5,034

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	Enhancing Education Through Technology CAD3	Rural Schools and Low Income Program	Title III, Language Instruction	Special Education Part B	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ (2,824)	\$ -	\$ 456	\$ (1,890)	\$ -	\$ 47,223	\$ 2,961,684
Receipts:							
Local sources	-	-	-	-	-	-	3,229,498
Intermediate sources	-	-	-	-	-	-	1,025
State sources	-	-	-	-	-	-	10,667,068
Federal sources	25,000	-	951	15,251	239,715	-	1,213,376
Temporary loans	-	-	-	-	-	-	1,000,000
Other	-	-	-	-	-	3,927,401	5,003,598
Total receipts	<u>25,000</u>	<u>-</u>	<u>951</u>	<u>15,251</u>	<u>239,715</u>	<u>3,927,401</u>	<u>21,114,565</u>
Disbursements:							
Current:							
Instruction	-	-	-	13,338	338,944	-	7,848,981
Support services	25,289	32,680	-	-	-	-	5,505,664
Noninstructional services	-	-	-	-	-	-	1,104,506
Facilities acquisition and construction	-	-	-	-	-	-	683,078
Debt services	-	-	-	-	-	-	1,811,438
Nonprogrammed charges	-	-	-	-	-	3,903,982	3,903,982
Total disbursements	<u>25,289</u>	<u>32,680</u>	<u>-</u>	<u>13,338</u>	<u>338,944</u>	<u>3,903,982</u>	<u>20,857,649</u>
Excess (deficiency) of receipts over disbursements	<u>(289)</u>	<u>(32,680)</u>	<u>951</u>	<u>1,913</u>	<u>(99,229)</u>	<u>23,419</u>	<u>256,916</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	10,115
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,115</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(289)</u>	<u>(32,680)</u>	<u>951</u>	<u>1,913</u>	<u>(99,229)</u>	<u>23,419</u>	<u>267,031</u>
Cash and investments - ending	<u>\$ (3,113)</u>	<u>\$ (32,680)</u>	<u>\$ 1,407</u>	<u>\$ 23</u>	<u>\$ (99,229)</u>	<u>\$ 70,642</u>	<u>\$ 3,228,715</u>

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013

	General	Debt Service	Capital Projects	Transportation Operating	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,170,076	\$ 209,742	\$ 421,369	\$ 452,110	\$ (30,553)	\$ 779,159	\$ 22,551	\$ 77,157
Receipts:								
Local sources	142,206	1,199,577	815,723	418,177	105,053	-	-	329,515
Intermediate sources	7,590	-	-	-	-	-	-	-
State sources	10,613,689	-	-	-	-	-	-	5,870
Federal sources	-	-	-	-	-	-	-	660,954
Temporary loans	937,776	-	-	-	-	-	-	-
Other	27,681	-	-	32,841	-	-	-	2,879
Total receipts	<u>11,728,942</u>	<u>1,199,577</u>	<u>815,723</u>	<u>451,018</u>	<u>105,053</u>	<u>-</u>	<u>-</u>	<u>999,218</u>
Disbursements:								
Current:								
Instruction	6,835,380	-	-	-	-	286,315	-	-
Support services	3,386,896	-	355,834	440,492	25,199	183,684	-	15,537
Noninstructional services	195,532	-	-	-	-	-	-	1,012,796
Facilities acquisition and construction	750	-	506,087	-	-	-	-	-
Debt services	500,000	1,009,825	176,958	-	-	75,842	-	420
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>10,918,558</u>	<u>1,009,825</u>	<u>1,038,879</u>	<u>440,492</u>	<u>25,199</u>	<u>545,841</u>	<u>-</u>	<u>1,028,753</u>
Excess (deficiency) of receipts over disbursements	<u>810,384</u>	<u>189,752</u>	<u>(223,156)</u>	<u>10,526</u>	<u>79,854</u>	<u>(545,841)</u>	<u>-</u>	<u>(29,535)</u>
Other financing sources (uses):								
Sale of capital assets	6,901	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>6,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>817,285</u>	<u>189,752</u>	<u>(223,156)</u>	<u>10,526</u>	<u>79,854</u>	<u>(545,841)</u>	<u>-</u>	<u>(29,535)</u>
Cash and investments - ending	<u>\$ 1,987,361</u>	<u>\$ 399,494</u>	<u>\$ 198,213</u>	<u>\$ 462,636</u>	<u>\$ 49,301</u>	<u>\$ 233,318</u>	<u>\$ 22,551</u>	<u>\$ 47,622</u>

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Textbook Rental	Levy Excess	Alternative Education	Early Intervention Grant	Community Foundation Grant - WHS Geible	Daymude Tutoring Program	Community Foundation Grant - WCM Camp	Community Foundation Grant - Gorman
Cash and investments - beginning	\$ 111,503	\$ 34,722	\$ 3,012	\$ 13	\$ 8	\$ 10,700	\$ 120	\$ (5)
Receipts:								
Local sources	134,448	6,178	-	-	-	28,500	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	68,544	-	7,184	-	-	-	-	-
Federal sources	41,232	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	244,224	6,178	7,184	-	-	28,500	-	-
Disbursements:								
Current:								
Instruction	-	-	1,932	-	-	8,990	120	-
Support services	172,356	40,899	-	-	8	18,000	-	(5)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	172,356	40,899	1,932	-	8	26,990	120	(5)
Excess (deficiency) of receipts over disbursements	71,868	(34,721)	5,252	-	(8)	1,510	(120)	5
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	71,868	(34,721)	5,252	-	(8)	1,510	(120)	5
Cash and investments - ending	\$ 183,371	\$ 1	\$ 8,264	\$ 13	\$ -	\$ 12,210	\$ -	\$ -

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	School Wide Enrichment	Cape / Lilly / Kindergarten Squared Grant	Community Foundation Grant - Door Openers	Scholarships and Awards - Burcroff	Scholarships and Awards - Shand	Dental	Project Lead the Way Grant	Gifted and Talented
Cash and investments - beginning	\$ 1	\$ 57	\$ 94	\$ 2,258	\$ 2,074	\$ 1,899	\$ (16,549)	\$ 4,835
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	30,436
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	30,436
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	26,302
Support services	1	57	-	-	-	-	(16,549)	966
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1	57	-	-	-	-	(16,549)	27,268
Excess (deficiency) of receipts over disbursements	(1)	(57)	-	-	-	-	16,549	3,168
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1)	(57)	-	-	-	-	16,549	3,168
Cash and investments - ending	\$ -	\$ -	\$ 94	\$ 2,258	\$ 2,074	\$ 1,899	\$ -	\$ 8,003

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Tech Prep	Non-English Speaking Programs PL 273-1999	School Technology	Classroom Innovation in Math	State Connectivity: Technology	Performance Based Awards	Technology Planning Grant	CLASS Grant
Cash and investments - beginning	\$ 653	\$ 1,041	\$ 1,090	\$ 253	\$ (6)	\$ 42	\$ 822	\$ 839
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	3,621	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	3,621	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	653	-	134	-	2,604	42	822	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	653	-	134	-	2,604	42	822	-
Excess (deficiency) of receipts over disbursements	(653)	-	(134)	-	1,017	(42)	(822)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(653)	-	(134)	-	1,017	(42)	(822)	-
Cash and investments - ending	\$ -	\$ 1,041	\$ 956	\$ 253	\$ 1,011	\$ -	\$ -	\$ 839

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Visual and Performing Arts	Wabash Valley Youth Orchestra	Excess PTRC Distributions	Indiana Heritage Arts	ECIA Title I 10-11	PL 107-110 ECIA Title I 11-12	Title I 2012-2013	Title V Part A Innovative Strategies 07-08
Cash and investments - beginning	\$ 29,947	\$ 414	\$ -	\$ 87	\$ (1)	\$ (34,053)	\$ -	\$ 2,534
Receipts:								
Local sources	23,047	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	7,379	-	-	-	-	-
Federal sources	-	-	-	-	-	104,003	231,501	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	23,047	-	7,379	-	-	104,003	231,501	-
Disbursements:								
Current:								
Instruction	30,257	-	-	-	-	66,019	249,947	-
Support services	-	-	7,379	87	-	3,615	5,654	546
Noninstructional services	-	-	-	-	-	319	1,342	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	30,257	-	7,379	87	-	69,953	256,943	546
Excess (deficiency) of receipts over disbursements	(7,210)	-	-	(87)	-	34,050	(25,442)	(546)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,210)	-	-	(87)	-	34,050	(25,442)	(546)
Cash and investments - ending	\$ 22,737	\$ 414	\$ -	\$ -	\$ (1)	\$ (3)	\$ (25,442)	\$ 1,988

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Title VI 2001-02 PL103-382	Title II Technology Grants	Vocational Education Homemaking	Project Lead the Way Vocational Perkins	Educating America, Title III	Class Size Reduction	Improving Teaching Quality, Title II, Part A	Education Through Technology, Title II, Part D
Cash and investments - beginning	\$ 29	\$ 38	\$ 5	\$ 16,558	\$ 4	\$ 52	\$ 9,930	\$ 5,034
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	87,488	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	87,488	-	-
Disbursements:								
Current:								
Instruction	-	-	-	1,968	-	-	-	-
Support services	-	38	5	14,590	4	52	83,772	5,035
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	38	5	16,558	4	52	83,772	5,035
Excess (deficiency) of receipts over disbursements	-	(38)	(5)	(16,558)	(4)	(52)	3,716	(5,035)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(38)	(5)	(16,558)	(4)	(52)	3,716	(5,035)
Cash and investments - ending	\$ 29	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,646	\$ (1)

WABASH CITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2013  
 (Continued)

	Enhancing Education Through Technology CAD3	Rural Schools and Low Income Program	Title III, Language Instruction	Special Education Part B	Education Jobs	Clearing	Totals
Cash and investments - beginning	\$ (3,113)	\$ (32,680)	\$ 1,407	\$ 23	\$ (99,229)	\$ 70,642	\$ 3,228,715
Receipts:							
Local sources	-	-	-	-	-	-	3,202,424
Intermediate sources	-	-	-	-	-	-	7,590
State sources	-	-	-	-	-	-	10,736,723
Federal sources	-	32,679	-	-	114,641	-	1,272,498
Temporary loans	-	-	-	-	-	-	937,776
Other	-	-	-	-	-	2,878,192	2,941,593
Total receipts	-	32,679	-	-	114,641	2,878,192	19,098,604
Disbursements:							
Current:							
Instruction	-	-	-	-	15,411	-	7,522,641
Support services	(3,114)	(1)	-	23	-	-	4,745,315
Noninstructional services	-	-	-	-	-	-	1,209,989
Facilities acquisition and construction	-	-	-	-	-	-	506,837
Debt services	-	-	-	-	-	-	1,763,045
Nonprogrammed charges	-	-	-	-	-	2,891,776	2,891,776
Total disbursements	(3,114)	(1)	-	23	15,411	2,891,776	18,639,603
Excess (deficiency) of receipts over disbursements	3,114	32,680	-	(23)	99,230	(13,584)	459,001
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	6,901
Total other financing sources (uses)	-	-	-	-	-	-	6,901
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,114	32,680	-	(23)	99,230	(13,584)	465,902
Cash and investments - ending	\$ 1	\$ -	\$ 1,407	\$ -	\$ 1	\$ 57,058	\$ 3,694,617

WABASH CITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2013

<u>School Corporation</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 546,975</u>	<u>\$ 29,828</u>

WABASH CITY SCHOOLS  
SCHEDULE OF LEASES AND DEBT  
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Refunding Bonds	Building remodel	\$ 277,000	07-17-02	01-05-15
First Mortgage 2011A	Building remodel	115,500	07-15-12	12-31-26
First Mortgage 2011B	Building remodel	138,000	01-15-13	12-31-26
1:1 Computer Lease	Equipment	<u>487,206</u>	06-30-13	12-20-15
Total of annual lease payments		<u>\$ 1,017,706</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
Notes and loans payable	Building remodel	\$ 1,600,000	\$ 262,000
General obligation bonds	Building remodel	205,000	69,990
Tax anticipation warrants	Short-term financing	<u>437,776</u>	<u>441,187</u>
Totals		<u>\$ 2,242,776</u>	<u>\$ 773,177</u>

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WABASH CITY SCHOOLS  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2013

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,068,911
Infrastructure	43,800
Buildings	30,883,133
Improvements other than buildings	2,855,234
Machinery, equipment, and vehicles	<u>1,509,659</u>
 Total capital assets	 <u>\$ 36,360,737</u>

WABASH CITY SCHOOLS  
AUDIT RESULTS AND COMMENTS

**APPROPRIATIONS**

The records presented for audit indicated the following expenditures in excess of budgeted appropriations for budget year 2012:

Fund	Excess Amount Expended
General	\$ 888,202
School Bus Replacement	22,023
Debt Service	66,155
Rainy Day	621,682

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

**CONDITION OF RECORDS - PREPAID LUNCH CLEARING ACCOUNT**

Financial records presented for audit were incomplete and not reflective of the activity of the Prepaid Lunch Clearing Account. Some of the transactions in the ledger were made by using "negative" entries for both receipts and disbursements. Adjusting entries were proposed and approved by School Corporation officials for financial statement reporting.

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, Chapters 9)

WABASH CITY SCHOOLS  
AUDIT RESULTS AND COMMENTS  
(Continued)

***UNREPORTED TRANSACTIONS - GENERAL FUND***

Financial records presented for audit were incomplete and not reflective of the activity of the General Fund. On December 21, 2011, the Wabash City Schools received a \$1,000,000 refund from overpayment of prior years' health insurance premiums. This money was deposited into one of the Corporation's bank accounts, but not recorded on the ledger. On January 31, 2013, the Wabash City Schools obtained a temporary loan in the amount of \$437,776. This money was deposited into one of the School Corporation's bank accounts, but not recorded on the ledger. Adjusting entries were proposed, approved, and made to the General Fund for financial statement reporting.

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)

***EXCESSIVE OR UNREASONABLE COST***

On January 31, 2013, the School Corporation obtained a temporary loan for the General Fund through the Indiana Bond Bank in the amount of \$437,776. The proceeds from this loan were deposited into one of the School Corporation's bank accounts, but not recorded on the ledger as described in "Unreported Transactions – General Fund" (above). In December 2013, the loan was receipted to the General Fund and repaid in the amount of \$441,187. As a result, the School Corporation incurred interest expense of \$3,411 for a loan they did not use. The School Board minutes contained no stated purpose for the loan.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

***Report on Compliance for Each Major Federal Program***

We have audited the Wabash City Schools' (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 period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

***Other Matters***

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

***Report on Internal Control Over Compliance***

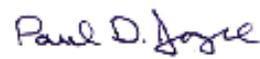
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

February 3, 2014

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

WABASH CITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 11-12	\$ 110,566	\$ -
			FY 12-13	-	110,542
Total - School Breakfast Program				110,566	110,542
National School Lunch Program	Indiana Department of Education	10.555	FY 11-12	427,545	-
			FY 12-13	-	537,645
Total - National School Lunch Program				427,545	537,645
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 11-12	47,880	-
			FY 12-13	-	66,521
Total - Summer Food Service Program for Children				47,880	66,521
Total - Child Nutrition Cluster				585,991	714,708
Total - Department of Agriculture				585,991	714,708
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	11-8060	41,975	-
			12-8060	254,799	104,003
			13-8060	-	231,501
Total - Title I Grants to Local Educational Agencies				296,774	335,504
Total - Title I, Part A Cluster				296,774	335,504

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

WABASH CITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2012 and 2013  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>					
Tech-Prep Education		84.243			
	Indiana Department of Workforce Development Heartland Career Center		A58-1-11CL-094 FY 11-12	11,310 <u>8,923</u>	- <u>-</u>
Total - Tech-Prep Education				<u>20,233</u>	<u>-</u>
Educational Technology State Grants Cluster Educational Technology State Grants	Indiana Department of Education	84.318	CAD 3 FY 2009-10	<u>21,478</u>	<u>-</u>
Total - Educational Technology State Grants Cluster				<u>21,478</u>	<u>-</u>
Rural Education	Indiana Department of Education	84.358	FY11	<u>-</u>	<u>32,679</u>
English Language Acquisition State Grants	Region 8 Education Service Center	84.365	FY 10-11	<u>951</u>	<u>-</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY2010 FY2011 FY2012	57,670 12,010 <u>-</u>	26,680 45,770 <u>15,038</u>
Total - Improving Teacher Quality State Grants				<u>69,680</u>	<u>87,488</u>
Special Education Cluster (IDEA) ARRA - Special Education - Grants to States, Recovery Act	Metropolitan School District of Wabash County	84.391	33310-058-SN01	<u>13,361</u>	<u>-</u>
Total - ARRA - Special Education - Grants to States, Recovery Act				<u>13,361</u>	<u>-</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY11-12	<u>239,715</u>	<u>114,641</u>
Total - Department of Education				<u>662,192</u>	<u>570,312</u>
Total federal awards expended				<u>\$ 1,248,183</u>	<u>\$ 1,285,020</u>

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

WABASH CITY SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Wabash City Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Fiscal Year Ended June 30, 2012	Fiscal Year Ended June 30, 2013
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ <u>51,994</u>	\$ <u>53,754</u>

WABASH CITY SCHOOLS  
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?	no
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Education Jobs Fund

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

Auditee qualified as low-risk auditee? no

**Section II – Financial Statement Findings**

**FINDING 2013-001 - CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

During the audit of the SEFA, we noted that the School Corporation did not accurately prepare the SEFA. There were five federal programs or clusters that were not included on the schedule, four programs with underreported federal expenditures, and one program where the expenditures were reported in the

WABASH CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

incorrect year. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

WABASH CITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2013-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

The School Corporation did not have a proper system of internal control in place to prevent ,or detect and correct, errors on the financial statement. The School Corporation should have proper controls in place over the preparation of the financial statement to ensure accurate reporting of fund activity. Without a proper system of internal control in place that operates effectively, material misstatements of the financial statement could remain undetected.

During the audit of the financial statement, we noted that the School Corporation did not include all of the transactions of the General Fund. The School Corporation failed to include \$1,437,776 in receipts related to a refund and temporary loan that should have been posted to the General Fund. These receipts were deposited into one of the School Corporation's bank accounts, but not posted to the ledger. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct this error.

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)

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

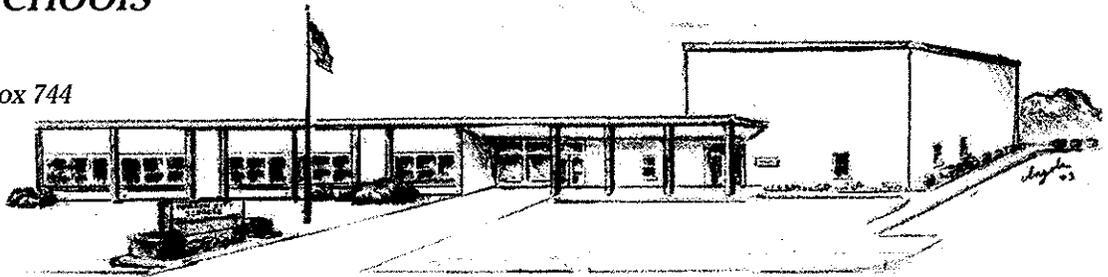
***Section III – Federal Award Findings and Questioned Costs***

No matters are reportable.

# Wabash City Schools

## Administration Office

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### Wabash City Schools Corrective Action Plan February 3, 2014

Contact Person: Jan L. Roland  
Contact Title: Chief Business Officer

#### **FINDING #2013-001- CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

##### **SEFA monitoring**

**Response:** Currently, the School Corporation does not keep a control list of federal grants: receipts and expenditures.

**Corrective Action:** The School Corporation Treasurer will organize and coordinate with the Chief Business Officer a list of receipts and expenditures on open grants. The list will be reconciled monthly by both the Treasurer and Chief Business Officer.

#### **FINDING 2013-002- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING**

**RESPONSE:** Currently, the School Corporation does not have a procedure to include all transactions of the General Fund.

**Corrective Action:** The School Corporation Treasurer will receipt into the General Fund, posting to the ledger, all the funds held in the Trust Indiana Accounts.

WABASH CITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2014, with Michele L. Hough, Treasurer; Jan L. Roland, Chief Business Officer; and Jason A. Callahan, Superintendent of Schools. The Official Response has been made a part of this report and may be found on page 54.

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7-01-11 to 6-30-13

**Appropriations**

Audit records indicated that in 2012 expenditures exceeded appropriations. The Chief Business Officer and Treasurer will meet bi-weekly to examine appropriations report so this can be monitored closer so this does not occur in the future.

**Conditions of Records—Prepaid Lunch Clearing Account**

Audit records showed that the Prepaid Lunch Clearing Account records were incomplete and did not reflect the total activity. Budgetary accounts have been set up to correctly monitor fund receipts and expenditures.

**Unreported Transactions—General Fund**

Audit reports showed that the transactions concerning the school corporation's TrustIndiana account were not recorded on the General Fund ledger. This has been corrected with the TrustIndiana account activity being duly recorded in the General Fund reports.

**Excessive or Unreasonable Cost**

The audit showed that the loan from the Indiana Bond Bank in the amount of \$437,776 was never used and remained in the TrustIndiana account until it was transferred to the General Fund for repayment in December 2013. The interest amount on the loan, \$3,411.00, was paid from Debt Service as is allowable by statute. Since the loan was never used, the interest amount is regarded as an excessive cost.

Going forward, the school corporation will not have a need to borrow funds to support the General Fund, which was the purpose of this loan, as the General Fund is no longer a tax supported fund, but a fund based on student enrollment/tuition support from the State of Indiana.