B43235

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

WASHINGTON COMMUNITY SCHOOLS, INC.
DAVIESS COUNTY, INDIANA

July 1, 2011 to June 30, 2013

FILED
02/18/2014

TABLE OF CONTENTS

SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Carrie Alford	07-01-11 to 06-30-14
Superintendent of Schools	Dr. William B. Hatton	07-01-11 to 06-30-12
	Dr. Daniel L. Roach	07-01-12 to 06-30-14
President of the School Board	Steven K. Frette	07-01-11 to 12-31-14

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Washington Community Schools, Inc. (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.

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 November 13, 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 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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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 Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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.

Paul D. Joyce

Paul D. Joyce, CPA
State Examiner

November 13, 2013

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 WASHINGTON COMMUNITY
SCHOOLS, INC., DAVIESS 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 Washington Community Schools, Inc. (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 November 13, 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.

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.

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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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
(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*.

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

Paul D. Joyce, CPA
State Examiner

November 13, 2013

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

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

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	$ 4,911,070	$ 22,303,075	$ 22,817,938	$ -	$ 4,396,207	$ 23,472,011	$ 22,356,141	$ 365,000	$ 5,877,077
Debt Service	332,242	2,781,866	2,331,267	-	782,841	2,538,746	2,343,947	(167,000)	810,640
Retirement/Severance Bond Debt Service	899	956,278	1,080,000	124,000	1,177	948,801	1,015,000	70,000	4,978
Capital Projects	73,584	1,321,613	1,279,128	(115,000)	1,069	1,190,147	475,518	(270,000)	445,698
School Transportation	1,037	792,494	767,573	(2,000)	23,958	849,200	937,408	64,306	56
School Bus Replacement	95,503	277,053	-	(368,000)	4,556	-	-	-	4,556
Rainy Day	646,657	-	880,909	358,000	123,748	-	234,091	115,000	4,657
Post-Retirement/Severance Future Benefits	12,228	115,000	129,525	3,000	703	-	-	(703)	-
School Lunch	100,883	1,219,086	1,234,854	-	85,115	1,309,126	1,294,851	-	99,390
Textbook Rental	411,735	310,603	479,747	-	242,591	341,040	228,149	-	355,482
Levy Excess	-	-		-	-	-		-	-
Educational License Plates	338	244	450	-	132	263	206	-	189
Alternative Education	10,365	23,781	-	-	34,146	6,880	-	-	41,026
Early Intervention	-	10,500	6,949	-	3,551	-	3,495	-	56
Drug Free Community Grant - Daviess County	1,888	2,297	2,320	-	1,865	1,900	1,865	-	1,900
United Way Book Donation	10,768	-	8,291	-	2,477	-	2,477	-	-
Donation to Lena Dunn	-	-	-	-	-	9,300	9,071	-	229
Griffen/Davis Foundation Grant	4,805	-	4,805	-	-	-	-	-	-
High Ability 2010-11	6,507	-	6,507	-	-	-	-	-	-
High Ability 2011-12	-	34,455	29,413	-	5,042	-	5,042	-	-
High Ability 2012-13	-	-	-	-	-	33,679	24,944	-	8,735
Teacher Quality Improvement Program	5,000	-	3,231	-	1,769	-	350	-	1,419
Non Eng Speaking Program 2010-11	21,515	-	21,515	-	-	-	441	-	(441)
Non Eng Speaking Program 2011-12	-	20,234	14,171	-	6,063	-	6,063	-	-
Non Eng Speaking Program 2012-13	-	-	-	-	-	20,645	20,057	-	588
Excess PTRC Distributions	-	219,293	93,681	(78,964)	46,648	168,976	74,266	(141,269)	89
Title 1 2010-11	(8,023)	73,089	65,066	-	-	-	-	-	-
Title 1 2011-12	-	481,846	489,374	-	(7,528)	84,887	78,360	-	(1,001)
Title 1 2012-13	-	-	-	-	-	487,897	509,920	-	(22,023)
Title 1 Migrant 2011-12	-	85,996	85,996	-	-	-	-	-	-
Migrant Fall 2011	-	61,324	64,231	-	(2,907)	9,221	6,314	-	-
Title 1 Migrant 2012-13	-	-	-	-	-	55,950	54,601	-	1,349
Title 1 C Migrant (SY&Summer)	-	-	-	-	-	53,072	60,169	-	(7,097)
Local Reading Improvement	-	-	-	-	-	8,000	1,613	-	6,387
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	12,317	12,317	-	-
Drug Free Schools 2009-10	-	1,848	3,185	-	(1,337)	-	511	-	(1,848)
Improving Teaching Quality, No Child Left, Title II, Part A	-	-	-	-	-	73,994	76,376	-	(2,382)
Title III Lang Prof 2010-11	(85)	2,206	2,121	-	-	-	-	-	-
Title III Lang Prof 2011-12	-	16,528	17,051	-	(523)	9,448	9,333	-	(408)
Title III 2012-13	-	-	-	-	-	17,853	21,011	-	(3,158)
Title II - A Teach Qual 2010-11	5,878	18,814	24,692	-	-	-	-	-	-
Title II - A Teach Qual 2011-12	-	34,654	39,058	-	(4,404)	87,455	83,051	-	-
Title I Grants to Lea - Stimulus	10,781	-	9,610	-	1,171	-	1,171	-	-
Education Technology	23,796	-	23,796	-	-	-	-	-	-
Educational Jobs Fund	-	35,998	35,998	-	-	10,249	10,249	-	-
Payroll Withholding & Clearing	9,016	4,052,462	4,043,045	-	18,433	4,087,789	4,099,185	-	7,037
Self-Insurance	156,787	4,243,168	3,928,667	-	471,288	3,395,160	3,084,999	-	781,449
Totals	$ 6,845,174	$ 39,495,805	$ 40,024,164	$ (78,964)	$ 6,237,851	$ 39,284,006	$ 37,142,562	$ 35,334	$ 8,414,629

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

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.

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

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

E. *Disbursements*

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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.

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.

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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for grant expenditures made by the School Corporation were not received by June 30.

Note 8. Restatements

For the year ended June 30, 2012, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

New Fund	Balance as of June 30, 2011	Balance as of July 1, 2011
Payroll Withholding & Clearing	$ -	$ 9,016
Self-Insurance	-	156,787

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Washington Indiana Elementary School Building Corporation and Washington Community School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2012 and 2013, totaled $2,173,500 and $2,170,000, respectively.

Note 10. Short-Term Loan Outstanding

The School Corporation obtained a $6,000,000 short-term loan in January of 2012 and 2013 for the General Fund to pay for current expenses. The loans are repaid in December of each year. As of June 30, 2012 and 2013, the $6,000,000 loan was still outstanding.

(This page intentionally left blank.)

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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	$ 4,911,070	$ 332,242	$ 899	$ 73,584	$ 1,037	$ 95,503	$ 646,657	$ 12,228	$ 100,883	$ 411,735
Receipts:										
Local sources	64,622	2,781,866	861,278	1,051,613	777,231	134,053	-	-	405,970	188,042
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	15,838,319	-	-	-	-	-	-	-	7,904	121,861
Federal sources	359,303	-	-	-	-	-	-	-	805,212	-
Temporary loans	6,000,000	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	95,000	270,000	-	143,000	-	115,000	-	-
Other	40,831	-	-	-	15,263	-	-	-	-	700
Total receipts	22,303,075	2,781,866	956,278	1,321,613	792,494	277,053	-	115,000	1,219,086	310,603
Disbursements:										
Current:										
Instruction	12,029,388	-	-	-	-	-	-	-	-	-
Support services	4,311,168	-	-	1,036,857	767,573	-	765,909	126,525	3,107	479,747
Noninstructional services	112,382	-	-	-	-	-	-	-	1,231,747	-
Facilities acquisition and construction	-	-	-	242,271	-	-	-	-	-	-
Debt services	6,000,000	2,331,267	940,000	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	365,000	-	140,000	-	-	-	115,000	3,000	-	-
Total disbursements	22,817,938	2,331,267	1,080,000	1,279,128	767,573	-	880,909	129,525	1,234,854	479,747
Excess (deficiency) of receipts over disbursements	(514,863)	450,599	(123,722)	42,485	24,921	277,053	(880,909)	(14,525)	(15,768)	(169,144)
Other financing sources (uses):										
Transfers in	-	-	124,000	-	(2,000)	-	358,000	3,000	-	-
Transfers out	-	-	-	(115,000)	-	(368,000)	-	-	-	-
Total other financing sources (uses)	-	-	124,000	(115,000)	(2,000)	(368,000)	358,000	3,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(514,863)	450,599	278	(72,515)	22,921	(90,947)	(522,909)	(11,525)	(15,768)	(169,144)
Cash and investments - ending	$ 4,396,207	$ 782,841	$ 1,177	$ 1,069	$ 23,958	$ 4,556	$ 123,748	$ 703	$ 85,115	$ 242,591

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

	Levy Excess	Educational License Plates	Alternative Education	Early Intervention	Drug Free Community Grant - Daviess County	United Way Book Donation	Donation to Lena Dunn	Griffin/Davis Foundation Grant	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	$ -	$ 338	$ 10,365	$ -	$ 1,888	$ 10,768	$ -	$ 4,805	$ 6,507	$ -
Receipts:										
Local sources	-	-	-	-	2,297	-	-	-	-	-
Intermediate sources	-	244	-	-	-	-	-	-	-	-
State sources	-	-	23,781	10,500	-	-	-	-	-	34,455
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	244	23,781	10,500	2,297	-	-	-	-	34,455
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	6,507	29,413
Support services	-	450	-	6,949	2,320	8,291	-	4,805	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	450	-	6,949	2,320	8,291	-	4,805	6,507	29,413
Excess (deficiency) of receipts over disbursements	-	(206)	23,781	3,551	(23)	(8,291)	-	(4,805)	(6,507)	5,042
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(206)	23,781	3,551	(23)	(8,291)	-	(4,805)	(6,507)	5,042
Cash and investments - ending	$ -	$ 132	$ 34,146	$ 3,551	$ 1,865	$ 2,477	$ -	$ -	$ -	$ 5,042

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

	High Ability 2012-13	Teacher Quality Improvement Program	Non Eng Speaking Program 2010-11	Non Eng Speaking Program 2011-12	Non Eng Speaking Program 2012-13	Excess PTRC Distributions	Title I 2010-11	Title I 2011-12	Title I 2012-13	Title I Migrant 2011-12
Cash and investments - beginning	$ -	$ 5,000	$ 21,515	$ -	$ -	$ -	$ (8,023)	$ -	$ -	$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	20,234	-	219,293	-	-	-	-
Federal sources	-	-	-	-	-	-	73,089	481,846	-	85,996
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	20,234	-	219,293	73,089	481,846	-	85,996
Disbursements:										
Current:										
Instruction	-	2,400	21,515	14,171	-	-	58,808	415,258	-	-
Support services	-	831	-	-	-	-	3,001	69,304	-	85,996
Noninstructional services	-	-	-	-	-	-	3,257	4,812	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	93,681	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	3,231	21,515	14,171	-	93,681	65,066	489,374	-	85,996
Excess (deficiency) of receipts over disbursements	-	(3,231)	(21,515)	6,063	-	125,612	8,023	(7,528)	-	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(78,964)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(78,964)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(3,231)	(21,515)	6,063	-	46,648	8,023	(7,528)	-	-
Cash and investments - ending	$ -	$ 1,769	$ -	$ 6,063	$ -	$ 46,648	$ -	$ (7,528)	$ -	$ -

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

	Migrant Fall 2011	Title I Migrant 2012-13	Title I C Migrant (SY & Summer)	Local Reading Improvement	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools 2009-10	Improving Teaching Quality No Child Left Title II, Part A	Title III Lang Prof 2010-11	Title III Lang Prof 2011-12
Cash and investments - beginning	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ (85)	$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	61,324	-	-	-	-	1,848	-	2,206	16,528
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	61,324	-	-	-	-	1,848	-	2,206	16,528
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	63,845	-	-	-	-	1,848	-	2,121	17,051
Noninstructional services	386	-	-	-	-	1,337	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	64,231	-	-	-	-	3,185	-	2,121	17,051
Excess (deficiency) of receipts over disbursements	(2,907)	-	-	-	-	(1,337)	-	85	(523)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,907)	-	-	-	-	(1,337)	-	85	(523)
Cash and investments - ending	$ (2,907)	$ -	$ -	$ -	$ -	$ (1,337)	$ -	$ -	$ (523)

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

	Title III 2012-13	Title II - A Teach Qual 2010-11	Title II - A Teach Qual 2011-12	Title I Grants to LEAs Stimulus	Education Technology	Education Jobs Fund	Payroll Withholding & Clearing	Self Insurance	Totals
Cash and investments - beginning	$ -	$ 5,878	$ -	$ 10,781	$ 23,796	$ -	$ 9,016	$ 156,787	$ 6,845,174
Receipts:									
Local sources	-	-	-	-	-	-	-	4,243,168	10,510,140
Intermediate sources	-	-	-	-	-	-	-	-	244
State sources	-	-	-	-	-	-	-	-	16,276,347
Federal sources	-	18,814	34,654	-	-	35,998	-	-	1,976,818
Temporary loans	-	-	-	-	-	-	-	-	6,000,000
Interfund loans	-	-	-	-	-	-	-	-	623,000
Other	-	-	-	-	-	-	4,052,462	-	4,109,256
Total receipts	-	18,814	34,654	-	-	35,998	4,052,462	4,243,168	39,495,805
Disbursements:									
Current:									
Instruction	-	24,692	39,058	11	-	-	-	-	12,641,221
Support services	-	-	-	9,599	23,796	35,998	-	-	7,827,091
Noninstructional services	-	-	-	-	-	-	-	-	1,353,921
Facilities acquisition and construction	-	-	-	-	-	-	-	-	242,271
Debt services	-	-	-	-	-	-	-	-	9,271,267
Nonprogrammed charges	-	-	-	-	-	-	4,043,045	3,928,667	8,065,393
Interfund loans	-	-	-	-	-	-	-	-	623,000
Total disbursements	-	24,692	39,058	9,610	23,796	35,998	4,043,045	3,928,667	40,024,164
Excess (deficiency) of receipts over disbursements	-	(5,878)	(4,404)	(9,610)	(23,796)	-	9,417	314,501	(528,359)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	483,000
Transfers out	-	-	-	-	-	-	-	-	(561,964)
								-	
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(78,964)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,878)	(4,404)	(9,610)	(23,796)	-	9,417	314,501	(607,323)
Cash and investments - ending	$ -	$ -	$ (4,404)	$ 1,171	$ -	$ -	$ 18,433	$ 471,288	$ 6,237,851

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post Retirement/ Severance Future Benefits	School Lunch	Textbook Rental
Cash and investments - beginning	$ 4,396,207	$ 782,841	$ 1,177	$ 1,069	$ 23,958	$ 4,556	$ 123,748	$ 703	$ 85,115	$ 242,591
Receipts:										
Local sources	71,687	2,538,746	948,801	1,140,307	824,587	-	-	-	419,068	213,153
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	16,341,861	-	-	-	-	-	-	-	8,404	127,187
Federal sources	961,963	-	-	-	-	-	-	-	881,654	-
Temporary loans	6,000,000	-	-	49,840	-	-	-	-	-	-
Other	96,500	-	-	-	24,613	-	-	-	-	700
Total receipts	23,472,011	2,538,746	948,801	1,190,147	849,200	-	-	-	1,309,126	341,040
Disbursements:										
Current:										
Instruction	11,988,621	-	-	-	-	-	-	-	-	-
Support services	4,257,583	-	-	404,580	937,408	-	234,091	-	5,760	228,149
Noninstructional services	109,937	-	-	-	-	-	-	-	1,289,091	-
Facilities acquisition and construction	-	-	-	70,938	-	-	-	-	-	-
Debt services	6,000,000	2,343,947	1,015,000	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,356,141	2,343,947	1,015,000	475,518	937,408	-	234,091	-	1,294,851	228,149
Excess (deficiency) of receipts over disbursements	1,115,870	194,799	(66,199)	714,629	(88,208)	-	(234,091)	-	14,275	112,891
Other financing sources (uses):										
Transfers in	365,000	135,000	295,000	5,000	64,306	-	115,000	114,297	-	-
Transfers out	-	(302,000)	(225,000)	(275,000)	-	-	-	(115,000)	-	-
Total other financing sources (uses)	365,000	(167,000)	70,000	(270,000)	64,306	-	115,000	(703)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,480,870	27,799	3,801	444,629	(23,902)	-	(119,091)	(703)	14,275	112,891
Cash and investments - ending	$ 5,877,077	$ 810,640	$ 4,978	$ 445,698	$ 56	$ 4,556	$ 4,657	$ -	$ 99,390	$ 355,482

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

	Levy Excess	Educational License Plates	Alternative Education	Early Intervention	Drug Free Community Grant - Daviess County	United Way Book Donation	Donation to Lena Dunn	Griffin/Davis Foundation Grant	High Ability 2010-11	High Ability 2011-12
Cash and investments - beginning	$ -	$ 132	$ 34,146	$ 3,551	$ 1,865	$ 2,477	$ -	$ -	$ -	$ 5,042
Receipts:										
Local sources	-	-	-	-	1,900	-	9,300	-	-	-
Intermediate sources	-	263	-	-	-	-	-	-	-	-
State sources	-	-	6,880	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	263	6,880	-	1,900	-	9,300	-	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	5,042
Support services	-	206	-	3,495	1,865	2,477	9,071	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	206	-	3,495	1,865	2,477	9,071	-	-	5,042
Excess (deficiency) of receipts over disbursements	-	57	6,880	(3,495)	35	(2,477)	229	-	-	(5,042)
Other financing sources (uses):										
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	57	6,880	(3,495)	35	(2,477)	229	-	-	(5,042)
Cash and investments - ending	$ -	$ 189	$ 41,026	$ 56	$ 1,900	$ -	$ 229	$ -	$ -	$ -

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

	High Ability 2012-13	Teacher Quality Improvement Program	Non Eng Speaking Program 2010-11	Non Eng Speaking Program 2011-12	Non Eng Speaking Program 2012-13	Excess PTRC Distributions	Title I 2010-11	Title I 2011-12	Title I 2012-13	Title I Migrant 2011-12
Cash and investments - beginning	$ -	$ 1,769	$ -	$ 6,063	$ -	$ 46,648	$ -	$ (7,528)	$ -	$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	33,679	-	-	-	20,645	168,976	-	-	-	-
Federal sources	-	-	-	-	-	-	-	84,887	487,897	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	33,679	-	-	-	20,645	168,976	-	84,887	487,897	-
Disbursements:										
Current:										
Instruction	24,944	350	441	6,063	20,057	74,266	-	62,445	476,156	-
Support services	-	-	-	-	-	-	-	14,862	28,602	-
Noninstructional services	-	-	-	-	-	-	-	1,053	5,162	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,944	350	441	6,063	20,057	74,266	-	78,360	509,920	-
Excess (deficiency) of receipts over disbursements	8,735	(350)	(441)	(6,063)	588	94,710	-	6,527	(22,023)	-
Other financing sources (uses):										
Transfers in	-	-	-	-	-	(78,963)	-	-	-	-
Transfers out	-	-	-	-	-	(62,306)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	(141,269)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,735	(350)	(441)	(6,063)	588	(46,559)	-	6,527	(22,023)	-
Cash and investments - ending	$ 8,735	$ 1,419	$ (441)	$ -	$ 588	$ 89	$ -	$ (1,001)	$ (22,023)	$ -

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

	Migrant Fall 2011	Title I Migrant 2012-13	Title I C Migrant (SY & Summer)	Local Reading Improvement	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free Schools 2009-10	Improving Teaching Quality No Child Left Title II, Part A	Title III Lang Prof 2010-11	Title III Lang Prof 2011-12
Cash and investments - beginning	$ (2,907)	$ -	$ -	$ -	$ -	$ (1,337)	$ -	$ -	$ (523)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	9,221	55,950	53,072	8,000	12,317	-	73,994	-	9,448
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	9,221	55,950	53,072	8,000	12,317	-	73,994	-	9,448
Disbursements:									
Current:									
Instruction	-	-	-	-	12,317	-	76,376	-	-
Support services	6,314	54,502	59,762	1,613	-	-	-	-	9,333
Noninstructional services	-	99	407	-	-	511	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	6,314	54,601	60,169	1,613	12,317	511	76,376	-	9,333
Excess (deficiency) of receipts over disbursements	2,907	1,349	(7,097)	6,387	-	(511)	(2,382)	-	115
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,907	1,349	(7,097)	6,387	-	(511)	(2,382)	-	115
Cash and investments - ending	$ -	$ 1,349	$ (7,097)	$ 6,387	$ -	$ (1,848)	$ (2,382)	$ -	$ (408)

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

	Title III 2012-13	Title II - A Teach Qual 2010-11	Title II - A Teach Qual 2011-12	Title I Grants to LEA - Stimulus	Education Technology	Education Jobs Fund	Payroll Withholding & Clearing	Self Insurance	Totals
Cash and investments - beginning	$ -	$ -	$ (4,404)	$ 1,171	$ -	$ -	$ 18,433	$ 471,288	$ 6,237,851
Receipts:									
Local sources	-	-	-	-	-	-	-	3,395,160	9,562,709
Intermediate sources	-	-	-	-	-	-	-	-	263
State sources	-	-	-	-	-	-	-	-	16,707,632
Federal sources	17,853	-	87,455	-	-	10,249	-	-	2,753,960
Temporary loans	-	-	-	-	-	-	-	-	6,049,840
Other	-	-	-	-	-	-	4,087,789	-	4,209,602
Total receipts	17,853	-	87,455	-	-	10,249	4,087,789	3,395,160	39,284,006
Disbursements:									
Current:									
Instruction	-	-	83,051	441	-	-	-	-	12,830,570
Support services	21,011	-	-	730	-	10,249	-	-	6,291,663
Noninstructional services	-	-	-	-	-	-	-	-	1,406,260
Facilities acquisition and construction	-	-	-	-	-	-	-	-	70,938
Debt services	-	-	-	-	-	-	-	-	9,358,947
Nonprogrammed charges	-	-	-	-	-	-	4,099,185	3,084,999	7,184,184
Total disbursements	21,011	-	83,051	1,171	-	10,249	4,099,185	3,084,999	37,142,562
Excess (deficiency) of receipts over disbursements	(3,158)	-	4,404	(1,171)	-	-	(11,396)	310,161	2,141,444
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	1,014,640
Transfers out	-	-	-	-	-	-	-	-	(979,306)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	35,334
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,158)	-	4,404	(1,171)	-	-	(11,396)	310,161	2,176,778
Cash and investments - ending	$ (3,158)	$ -	$ -	$ -	$ -	$ -	$ 7,037	$ 781,449	$ 8,414,629

WASHINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
First Mortgage Bonds, Series 2006	Renovations and Construction at Jr-Sr High	$ 1,390,365	07-15-07	01-15-30
AD VALOREM PROPERTY TAX FIRST MORTGAGE BONDS, SERIES 2010	Construction	254,000	01-15-11	01-15-27
FIRST MORTGAGE REFUNDING BONDS, SERIES 2008	Refinance 2002 Bonds	520,000	07-15-08	07-15-20
Total of annual lease payments		$ 2,164,365		

Description of Debt			
Type	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Liability Funding	$ 4,250,519	$ 1,114,989

WASHINGTON COMMUNITY SCHOOLS, INC.
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.

	Ending Balance
Governmental activities:	
Land	$ 363,028
Buildings	36,234,987
Improvements other than buildings	3,278,680
Machinery, equipment, and vehicles	1,557,759
Total capital assets	$ 41,434,454

CONTRACTS

Payments were made for mowing services, window washing, pest control services, and extra-curricular positions held by nonschool employees during the audit period. A contract was not written for these services.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

School officials did not present sufficient detailed student records to support the Average Daily Membership claimed by the School Corporation. We were unable to determine if the number of students claimed was accurate.

Indiana Code 5-15-6-3(f), concerning destruction of public records, states in part: "Original records may be disposed of only with the approval of the commission according to guidelines established by the commission."

Officials shall maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM.

The building level official (Principal, Assistant Principal, etc.) is responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

BANK ACCOUNT RECONCILIATIONS (Applies to Washington High School ECA)

Depository reconciliations of the fund balances to the bank account balances were conducted; however, the reconciliation did not balance as of May 31, 2013.

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

SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Washington Community Schools, Inc.'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 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.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 items 2013-1 and 2013-2. Our opinion on each major federal program is not modified with respect to these matters.

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

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 material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1, 2012-2, and 2012-3 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. 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.

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

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

Paul D. Joyce, CPA
State Examiner

November 13, 2013

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

WASHINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 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.S. Department of Education					
Title I Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2010/2011	$ 73,089	$ -
			2011/2012	481,846	84,887
			2012/2013	-	487,897
Total - Title I Part A Cluster				554,935	572,784
Migrant Education - State Grant Program	Indiana Department of Education	84.011	2010/2011	85,996	-
			2011/2012	61,324	9,221
			2012 Summer	-	55,950
			2012/2013	-	53,072
Total - Migrant Education - State Grant Program				147,320	118,243
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	2010/2011	18,814	-
			2011/2012	34,654	87,455
			2012/2013	-	73,994
Total - Improving Teacher Quality State Grants				53,468	161,449
English Language Acquisition State Grants	Indiana Department of Education	84.365	2010/2011	2,206	-
			2011/2012	16,528	9,448
			2012/2013	-	17,853
Total - English Language Acquisition State Grants				18,734	27,301
Education Jobs Fund	Indiana Department of Education	84.410	7965	35,998	10,249
Total Ed Jobs Fund				35,998	10,249
Safe and Drug Free Schools and Communities - State Grants	Indiana Department of Education	84.186	2009/2010	1,848	-
Total Safe and Drug Free Schools and Communities - State Grants				1,848	-

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

WASHINGTON COMMUNITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 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.S. Department of Education (continued)					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027		-	12,317
Total Special Education Cluster (IDEA)				-	12,317
Total U.S. Department of Education				812,303	902,343
U.S. Department of Agriculture					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2012	177,267	-
			FY 2013	-	196,870
Total - School Breakfast Program				177,267	196,870
National School Lunch Program	Indiana Department of Education	10.555	FY 2012	661,077	-
			FY 2013	-	713,453
Total - National School Lunch Program				661,077	713,453
Total - Child Nutrition Cluster				838,344	910,323
Fresh Fruit and Vegetable Program	Indiana Department of Education	10.582	FY 2012	41,811	-
			FY 2013	-	51,084
Total - Fresh Fruit and Vegetable Program				41,811	51,084
Total - U.S. Department of Agriculture				880,155	961,407
Total Federal Awards Expended				$ 1,692,458	$ 1,863,750

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

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

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	$ 15,621	$ 17,248
National School Lunch Program	10.555	59,321	62,506

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
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?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
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:

Name of Federal Program or Cluster
Child Nutrition Cluster
Title I, Part A Cluster

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

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

FINDING 2013-1 - ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS

Federal Agency: U.S. Department of Education
Federal Program: Title I, Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): Title I 2012/2013
Pass-Through Entity: Indiana Department of Education

Title I funds may be used only for programs that are designed to help children participating in the Title I program meet the state's student academic achievement standards expected of all children. During the 2012-2013 school year, the School Corporation paid the costs of crossing guards from the Title I grant. This expense is not considered an activity or a cost directly related to the purpose of the grant. The total amount paid from the Title I grant for crossing guards during the 2012-2013 school year was $4,950. Internal controls in place were not sufficient to detect that this activity/cost not related to the purpose of the grant was paid for with grant funds.

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

"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."

34 CFR 80.20(b) states in part: "(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."

Using grant funds to pay for items that are not directly related to the Title I grant program indicates noncompliance with the allowable activities and allowable cost requirements of the grant. This failure to comply with such requirements could result in the pass-through agency requesting a refund of the $4,950 of allowed activities/cost and/or could affect future grant funding.

We recommended that the School Corporation implement procedures to ensure that all grant expenditures are for activities and costs allowed by the grant agreement. Specifically, activities and costs that are not directly related to the Title I program, such as the payment of crossing guards, should not be paid using Title I funds.

FINDING 2013-2 - INTERNAL CONTROLS/CASH MANAGEMENT AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I, Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): Title I 2011/2012 and Title I 2012/2013
Pass-Through Entity: Indiana Department of Education

Reimbursement reports seeking reimbursement for Title I grants were completed periodically throughout the audit period. When grants are funded on a reimbursement basis, program costs must be paid before reimbursement is requested. Reimbursements requested during the audit period included amounts that had not been paid by the School Corporation. Reimbursement reports were not adequately reviewed prior to submission nor was the supporting documentation used to prepare the reimbursement reports retained.

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

(1) Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant."

34 CFR 80.21(d) states:

"*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 states in part:

"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."

Reimbursement requests that are for more than the amount of grant funds disbursed and that are not supported by School Corporation's records indicate noncompliance with the cash management and reporting requirements of the grant. Failure to comply with the cash management and reporting requirements could affect future grant funding.

We recommended that the School Corporation implement procedures to ensure that reimbursement reports are supported by School Corporation records and are for grant expenses already paid by the School Corporation.

FINDING 2013-3 - INTERNAL CONTROLS OVER ALLOWABLE ACTIVITIES, ALLOWABLE COSTS, AND PROGRAM INCOME FOR THE CHILD NUTRITION CLUSTER

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2011/2012 and FY 2012/2013
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the allowable activities, allowable costs, and program income requirements for the program. All procedures regarding the cash disbursements from the cafeteria fund (including disbursements of grant funds and program income) were performed by the Cafeteria ECA Treasurer with no oversight, review, or approval. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the grant.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

> "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 internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the allowable activities, allowable costs, and program income requirements of the program could result in loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the allowable activities, allowable costs, and program income requirements of the program.

Washington Community Schools, Inc.

OFFICE OF THE SUPERINTENDENT

WASHINGTON, INDIANA 47501

CORRECTIVE ACTION PLAN

FINDING NO. 2013-1 – ALLOWABLE ACTIVITIES AND ALLOWABLE COSTS

AUDITEE CONTACT PERSON: CARRIE ALFORD
TITLE OF CONTACT PERSON: TREASURER
PHONE NUMBER OF CONTACT PERSON: (812) 254-5536

EXPECTED COMPLETION DATE: IMMEDIATE

Beginning with the 2013-2014 Title I Grant, Crossing guard services are no longer being paid from Title I funds. Internal controls have been added starting with the Asst. Treasurer. Brenda Guinn will begin a closer inspection of claims paid from Title and other grants to ensure proper use of the grant funds.

Carrie Alford

Carrie J. Alford
Treasurer
November 7, 2013

Washington Community Schools, Inc.

OFFICE OF THE SUPERINTENDENT

WASHINGTON, INDIANA 47501

CORRECTIVE ACTION PLAN

FINDING NO. 2013-2 – INTERNAL CONTROLS/CASH MANAGEMENT AND REPORTING

AUDITEE CONTACT PERSON: CARRIE ALFORD
TITLE OF CONTACT PERSON: TREASURER
PHONE NUMBER OF CONTACT PERSON: (812) 254-5536

EXPECTED COMPLETION DATE: IMMEDIATE

Grant funds are now being requested monthly and only for the amount previously disbursed by the corporation. When reimbursements are requested, the requests are reviewed along with expenditure reports and fund reports by Asst. Superintendent Paul White.

Carrie Alford

Carrie J. Alford
Treasurer
November 7, 2013

WASHINGTON
COMMUNITY SCHOOLS
Academic Excellence with a Competitive Edge
http://www.wcs.k12.in.us

CORRECTIVE ACTION PLAN

FINDING NO. 2013-3-INTERNAL CONTROLS OVER ALLOWABLE ACTIVITIES, ALLOWABLE COSTS, AND PROGRAM INCOME FOR THE CHILD NUTRITION CLUSTER.

AUDITEE CONTACT PERSON:	Barbara Graf
TITLE OF CONTACT PERSON:	School Lunch secretary
PHONE NUMBER OF CONTACT PERSON:	812-254-8347
EXPECTED COMPLETION DATE:	Immediately

1. Mr. Gary Puckett, Administrative Assistant, will review and sign claims.
2. Mr. Gary Puckett will review and sign the bank reconcilement monthly.
3. A claim will be prepared for payments made to Washington Community Schools for payroll, social security, PERF and insurance checks given to Carrie Alford, treasurer. Carrie will sign the claim forms, and the worksheet with the payroll information will be attached to the claim.

Barbara Graf

Barbara Graf
School Lunch Secretary
November 7, 2013

WASHINGTON COMMUNITY SCHOOLS, INC.
EXIT CONFERENCE

The contents of this report were discussed on November 13, 2013, with Dr. Daniel L. Roach, Superintendent of Schools; Carrie Alford, Treasurer; Steven K. Frette, President of the School Board; and Paul White, Assistant Superintendent of Schools.