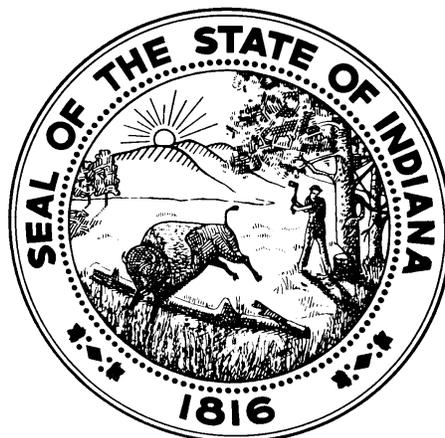


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
MADISON CONSOLIDATED SCHOOLS
JEFFERSON COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED

06/11/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	11-12
Notes to Financial Statements	13-23
Required Supplementary Information:	
Schedule of Funding Progress	24
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	25-36
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	37-40
Schedule of Capital Assets.....	41
Schedule of Long-Term Debt	42
Audit Results and Comments:	
Textbook Reimbursement	43
Internal Controls – Segregation of Duties	43-44
Overdrawn Cash Balance.....	44
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	46-47
Schedule of Expenditures of Federal Awards	48
Note to Schedule of Expenditures of Federal Awards.....	49
Schedule of Findings and Questioned Costs	50-51
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	52
Corrective Action Plan.....	53
Exit Conference.....	54

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Charlene O'Connell	07-01-06 to 06-30-09
Director of Finance	Kathy M. May	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Thomas G. Patterson	07-01-06 to 06-30-09
President of the School Board	Gayle Spaulding Dr. John Hutchinson Andrew D. Lytle Helen L. Cope	01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09



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 FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED
SCHOOLS, JEFFERSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Consolidated Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated April 9, 2009, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress as listed in the Table of Contents, is not required parts of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

April 9, 2009



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

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED
SCHOOLS, JEFFERSON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison Consolidated Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated April 9, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, of the significant deficiencies described above, we consider item 2008-1 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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.

We noted certain matters that we reported to management in a separate letter dated April 19, 2009.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 9, 2009

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 16,374,187	\$ -	\$ 299,816	\$ (16,074,371)
Support services	11,349,817	885,379	700,648	(9,763,790)
Community services	281,258	-	-	(281,258)
Nonprogrammed charges	1,563,172	-	-	(1,563,172)
Debt service	<u>7,321,123</u>	<u>-</u>	<u>-</u>	<u>(7,321,123)</u>
Total governmental activities	<u>\$ 36,889,557</u>	<u>\$ 885,379</u>	<u>\$ 1,000,464</u>	<u>(35,003,714)</u>
General receipts:				
Property taxes				6,829,279
Other local sources				1,314,076
State aid				14,175,358
Bonds and loans				3,577,282
Grants and contributions not restricted to specific programs				1,271,012
Sale of property, adjustments, and refunds				241,585
Investment earnings				<u>754,731</u>
Total general receipts				<u>28,163,323</u>
Change in net assets				(6,840,391)
Net assets - beginning				<u>12,450,627</u>
Net assets - ending				<u>\$ 5,610,236</u>
<u>Assets</u>				
Cash and investments				\$ 5,179,259
Restricted assets:				
Cash and investments				<u>430,977</u>
Total assets				<u>\$ 5,610,236</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 430,977
Unrestricted				<u>5,179,259</u>
Total net assets				<u>\$ 5,610,236</u>

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

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 16,327,910	\$ -	\$ 347,712	\$ (15,980,198)
Support services	11,518,919	889,622	838,879	(9,790,418)
Community services	310,522	-	-	(310,522)
Nonprogrammed charges	1,627,660	-	-	(1,627,660)
Debt service	7,954,033	-	-	(7,954,033)
Total governmental activities	\$ 37,739,044	\$ 889,622	\$ 1,186,591	(35,662,831)
General receipts:				
Property taxes				14,721,389
Other local sources				1,915,322
State aid				13,546,683
Bonds and loans				3,102,170
Grants and contributions not restricted to specific programs				1,570,546
Sale of property, adjustments, and refunds				98,338
Investment earnings				457,489
Total general receipts				35,411,937
Change in net assets				(250,894)
Net assets - beginning				5,610,236
Net assets - ending				\$ 5,359,342
<u>Assets</u>				
Cash and investments				\$ 4,761,331
Restricted assets:				
Cash and investments				598,011
Total assets				\$ 5,359,342
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 598,011
Unrestricted				4,761,331
Total net assets				\$ 5,359,342

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

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 4,330,627	\$ 835,204	\$ 663,510	\$ 1,319,709	\$ 1,673,172	\$ 162,151	\$ 795,404	\$ 9,779,777
Intermediate sources	2,039	-	-	-	-	-	1,650	3,689
State sources	14,457,966	-	14,669	-	-	-	204,005	14,676,640
Federal sources	7,232	-	618,222	-	-	-	1,144,739	1,770,193
Bonds and loans	1,222,149	589,686	-	1,259,591	-	-	505,856	3,577,282
Sale of property, adjustments and refunds	224,383	6,638	9,290	-	-	-	1,274	241,585
Total receipts	20,244,396	1,431,528	1,305,691	2,579,300	1,673,172	162,151	2,652,928	30,049,166
Disbursements:								
Current:								
Instruction	15,478,176	-	-	-	-	-	896,011	16,374,187
Support services	4,472,291	1,639,518	1,196,339	-	2,780,694	-	1,260,975	11,349,817
Community services	226,441	-	-	-	-	-	54,817	281,258
Nonprogrammed charges	1,371,360	-	-	-	-	-	191,812	1,563,172
Debt services	2,548,386	520,977	-	2,852,925	-	-	1,398,835	7,321,123
Total disbursements	24,096,654	2,160,495	1,196,339	2,852,925	2,780,694	-	3,802,450	36,889,557
Excess (deficiency) of receipts over disbursements	(3,852,258)	(728,967)	109,352	(273,625)	(1,107,522)	162,151	(1,149,522)	(6,840,391)
Other financing sources (uses):								
Transfers in	243,140	108,069	-	-	-	-	181,290	532,499
Transfers out	(55,179)	(9,939)	-	(173,284)	(14,345)	(1,670)	(278,082)	(532,499)
Total other financing sources (uses)	187,961	98,130	-	(173,284)	(14,345)	(1,670)	(96,792)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,664,297)	(630,837)	109,352	(446,909)	(1,121,867)	160,481	(1,246,314)	(6,840,391)
Cash and investments - beginning	5,340,727	1,158,624	531,893	877,886	2,984,948	179,720	1,376,829	12,450,627
Cash and investments - ending	\$ 1,676,430	\$ 527,787	\$ 641,245	\$ 430,977	\$ 1,863,081	\$ 340,201	\$ 130,515	\$ 5,610,236
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,676,430	\$ 527,787	\$ 641,245	\$ -	\$ 1,863,081	\$ 340,201	\$ 130,515	\$ 5,179,259
Restricted assets:								
Cash and investments	-	-	-	430,977	-	-	-	430,977
Total cash and investment assets - ending	\$ 1,676,430	\$ 527,787	\$ 641,245	\$ 430,977	\$ 1,863,081	\$ 340,201	\$ 130,515	\$ 5,610,236
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 430,977	\$ -	\$ -	\$ -	\$ 430,977
Unrestricted	1,676,430	527,787	641,245	-	1,863,081	340,201	130,515	5,179,259
Total cash and investment fund balance - ending	\$ 1,676,430	\$ 527,787	\$ 641,245	\$ 430,977	\$ 1,863,081	\$ 340,201	\$ 130,515	\$ 5,610,236

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

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 7,453,902	\$ 1,761,333	\$ 662,423	\$ 2,963,903	\$ 2,431,063	\$ 261,857	\$ 2,449,341	\$ 17,983,822
State sources	13,847,470	-	14,090	-	-	-	325,912	14,187,472
Federal sources	185,644	-	689,277	-	-	-	1,241,427	2,116,348
Bonds and loans	1,258,639	337,891	-	1,406,033	-	-	99,607	3,102,170
Sale of property, adjustments and refunds	22,272	67,246	8,195	-	625	-	-	98,338
Total receipts	22,767,927	2,166,470	1,373,985	4,369,936	2,431,688	261,857	4,116,287	37,488,150
Disbursements:								
Current:								
Instruction	15,424,773	-	-	-	-	-	903,137	16,327,910
Support services	5,014,249	1,741,687	1,221,109	-	2,204,844	606,648	730,382	11,518,919
Community services	226,001	-	-	-	-	-	84,521	310,522
Nonprogrammed charges	1,436,527	-	-	-	-	-	191,133	1,627,660
Debt services	1,232,203	605,513	-	4,204,531	-	-	1,911,786	7,954,033
Total disbursements	23,333,753	2,347,200	1,221,109	4,204,531	2,204,844	606,648	3,820,959	37,739,044
Excess (deficiency) of receipts over disbursements	(565,826)	(180,730)	152,876	165,405	226,844	(344,791)	295,328	(250,894)
Other financing sources (uses):								
Transfers in	21,416	-	-	-	-	-	18,474	39,890
Transfers out	-	-	-	-	-	-	(39,890)	(39,890)
Total other financing sources (uses)	21,416	-	-	-	-	-	(21,416)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(544,410)	(180,730)	152,876	165,405	226,844	(344,791)	273,912	(250,894)
Cash and investments - beginning	1,676,430	527,787	641,245	430,977	1,863,081	340,201	130,515	5,610,236
Cash and investments - ending	\$ 1,132,020	\$ 347,057	\$ 794,121	\$ 596,382	\$ 2,089,925	\$ (4,590)	\$ 404,427	\$ 5,359,342
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,132,020	\$ 347,057	\$ 794,121	\$ -	\$ 2,089,925	\$ (4,590)	\$ 402,798	\$ 4,761,331
Restricted assets:								
Cash and investments	-	-	-	596,382	-	-	1,629	598,011
Total cash and investment assets - ending	\$ 1,132,020	\$ 347,057	\$ 794,121	\$ 596,382	\$ 2,089,925	\$ (4,590)	\$ 404,427	\$ 5,359,342
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 596,382	\$ -	\$ -	\$ 1,629	\$ 598,011
Unrestricted	1,132,020	347,057	794,121	-	2,089,925	(4,590)	402,798	4,761,331
Total cash and investment fund balance - ending	\$ 1,132,020	\$ 347,057	\$ 794,121	\$ 596,382	\$ 2,089,925	\$ (4,590)	\$ 404,427	\$ 5,359,342

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

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 85,676	
Investment earnings:			
Interest	-	1,686	
Total additions	-	87,362	
Deductions:			
Benefits	546,849	-	
Administrative and general	-	83,395	
Total deductions	546,849	83,395	
Excess (deficiency) of total additions over total deductions	(546,849)	3,967	
Cash and investment fund balance - beginning	3,218,736	56,924	
Cash and investment fund balance - ending	\$ 2,671,887	\$ 60,891	\$ 458,492
Net assets:			
Cash and investments	\$ 2,671,887	\$ 60,891	
Total net assets - cash and investment basis held in trust	\$ 2,671,887	\$ 60,891	

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

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 63,260	
Investment earnings:			
Interest	-	2,076	
Total additions	<u>-</u>	<u>65,336</u>	
Deductions:			
Benefits	569,710	-	
Administrative and general	-	61,306	
Total deductions	<u>569,710</u>	<u>61,306</u>	
Excess (deficiency) of total additions over total deductions	(569,710)	4,030	
Cash and investment fund balance - beginning	<u>2,671,887</u>	<u>60,891</u>	
Cash and investment fund balance - ending	<u>\$ 2,102,177</u>	<u>\$ 64,921</u>	<u>\$ 216,421</u>
Net assets:			
Cash and investments	<u>\$ 2,102,177</u>	<u>\$ 64,921</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 2,102,177</u>	<u>\$ 64,921</u>	

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

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. 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 School Corporation's financial reporting entity is composed of the following:

Primary Government: Madison Consolidated Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with five other school corporations in a joint venture to operate the Madison Area Educational Special Services Unit (MAESSU) which was created to provide educational services to handicapped students. The School Corporation is obligated by contract to remit an allocated share of the annual operating costs of MAESSU based on MAESSU's approved budget. The allocation is based on the number of students served for each of the member school corporations. During the fiscal years ending June 30, 2007 and 2008, the School Corporation remitted \$1,391,342 and \$1,488,587, respectively, to MAESSU. Complete financial statements for the MAESSU can be obtained from the administration office at 702 Elm Street, Madison, IN.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. However, there are no business type activities to report at this time.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school lunch fund is used to account for receipts and disbursements for the food service program.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund types:

Pension trust funds account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the school corporation students and employees.

Agency funds account for assets held by the School Corporation from payroll deductions, and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial statements.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. 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% 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 become delinquent if not paid by May 10 and November 10, respectively.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Retirement Debt Service	\$ 196,006	\$ -
Deaf/Blind Instructional Fund	1,516	3,537
Title V Part A 2006/2007	2,002	-
Title II Part A	6,432	9,827
Reading First Program Grant	5,681	957
School Bus Replacement	-	4,590
EO Munice Donation	-	239

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the timing of receipts of grant reimbursements by year end. The Retirement Debt Service and School Bus Replacements deficits arose from disbursements exceeding receipts due to the School not receiving tax distributions from the County timely. These deficits will be repaid with future receipts.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	\$ 55,179	\$ -
Debt Service	Transportation Operating	108,069	-
Debt Service	Other governmental funds	65,215	-
School Bus Replacement	Other governmental funds	1,670	-
Capital Projects	Other governmental funds	14,345	-
Retirement Debt Service	Other governmental funds	9,624	-
Transportation Operating	Other governmental funds	9,939	-
Other governmental funds	General Fund	243,140	21,416
Other governmental funds	Other governmental funds	25,318	18,474
Totals		<u>\$ 532,499</u>	<u>\$ 39,890</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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; and natural disasters.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into a capital lease with Madison Consolidated School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payments during the fiscal year ended June 30, 2008 totaled \$1,186,000.

The School Corporation has entered into a capital lease with Lydia Middleton School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. Lease payment during the fiscal year ended June 30, 2008 totaled \$1,445,000

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance, life insurance, and medicare bridge benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 20 years of service. Currently, 15 retirees meet these eligibility requirements. The School Corporation and retirees provide 88% and 12%, respectively, of these post-employment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$215,257 were recognized for postemployment benefits.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), 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 the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 303,682
Interest on net pension obligation	(19,370)
Adjustment to annual required contribution	22,074
Annual pension cost	306,386
Contributions made	245,017
Increase in net pension obligation	61,369
Net pension obligation, beginning of year	(267,174)
Net pension obligation, end of year	\$ (205,805)

	PERF
Contribution rates:	
School Corporation	6.25%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF	06-30-05	\$ 196,200	123%	\$ (325,868)
	06-30-06	283,437	79%	(267,174)
	06-30-07	306,386	80%	(205,805)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$391,744, \$351,151, and \$429,997, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

MADISON CONSOLIDATED SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 4,792,005	\$ 5,474,653	\$ (682,648)	88%	\$ 4,265,720	(16%)
07-01-06	4,779,096	5,412,062	(632,966)	88%	4,012,873	(16%)
07-01-07	5,162,304	5,824,358	(662,054)	89%	4,035,985	(16%)

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	Textbook Rental	Levy Excess Fund	Child Care Programs	Education License Plates	Alternative Education Grant	Early Intervention Read Grant
Receipts:							
Local sources	\$ 15,268	\$ 188,013	\$ -	\$ 69,950	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	1,650	-	-
State sources	115,541	67,757	-	-	-	-	3,500
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,274	-	-	-	-	-
Total receipts	130,809	257,044	-	69,950	1,650	-	3,500
Disbursements:							
Current:							
Instruction	-	-	-	13,617	1,800	-	-
Support services	-	325,692	-	-	-	-	3,239
Community services	-	-	-	48,317	-	-	-
Nonprogrammed charges	141,625	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	141,625	325,692	-	61,934	1,800	-	3,239
Excess (deficiency) of receipts over disbursements	(10,816)	(68,648)	-	8,016	(150)	-	261
Other financing sources (uses):							
Transfers in	-	50,253	105,920	-	-	-	-
Transfers out	(201)	-	(243,140)	-	-	-	-
Total other financing sources (uses)	(201)	50,253	(137,220)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,017)	(18,395)	(137,220)	8,016	(150)	-	261
Cash and investments - beginning	70,302	58,579	137,220	16,579	150	5,000	-
Cash and investments - ending	\$ 59,285	\$ 40,184	\$ -	\$ 24,595	\$ -	\$ 5,000	\$ 261
Cash and Investment Assets - Ending							
Cash and investments	\$ 59,285	\$ 40,184	\$ -	\$ 24,595	\$ -	\$ 5,000	\$ 261
Total cash and investment assets - ending	\$ 59,285	\$ 40,184	\$ -	\$ 24,595	\$ -	\$ 5,000	\$ 261
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 59,285	\$ 40,184	\$ -	\$ 24,595	\$ -	\$ 5,000	\$ 261
Total cash and investment fund balance - ending	\$ 59,285	\$ 40,184	\$ -	\$ 24,595	\$ -	\$ 5,000	\$ 261

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	E O Muncie Donation	Employee Recognition/ Learning Place	Family and Children Grant	Deaf/Blind Instructional Fund	4 Community Grant	CAPE	Gifted/ Talented 2006/2007
Receipts:							
Local sources	\$ 7,500	\$ 25,376	\$ 5,000	\$ 4,841	\$ 5,363	\$ 85,784	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	16,757
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	7,500	25,376	5,000	4,841	5,363	85,784	16,757
Disbursements:							
Current:							
Instruction	18,602	-	837	108	342	55,643	500
Support services	-	13,905	6,973	1,408	-	4,759	15,862
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	18,602	13,905	7,810	1,516	342	60,402	16,362
Excess (deficiency) of receipts over disbursements	(11,102)	11,471	(2,810)	3,325	5,021	25,382	395
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	(11,102)	11,471	(2,810)	3,325	5,021	25,382	395
Cash and investments - beginning	13,446	41,838	2,810	(4,841)	-	(1,350)	-
Cash and investments - ending	\$ 2,344	\$ 53,309	\$ -	\$ (1,516)	\$ 5,021	\$ 24,032	\$ 395
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,344	\$ 53,309	\$ -	\$ (1,516)	\$ 5,021	\$ 24,032	\$ 395
Total cash and investment assets - ending	\$ 2,344	\$ 53,309	\$ -	\$ (1,516)	\$ 5,021	\$ 24,032	\$ 395
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 2,344	\$ 53,309	\$ -	\$ (1,516)	\$ 5,021	\$ 24,032	\$ 395
Total cash and investment fund balance - ending	\$ 2,344	\$ 53,309	\$ -	\$ (1,516)	\$ 5,021	\$ 24,032	\$ 395

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted/ Talented 2005/2006	Extra Curricular Athletics	Non-English Speaking Program	School Technology Fund	Technology Grant Buddy System	Indiana IMPR Awards
Receipts:						
Local sources	\$ -	\$ 2,763	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	450	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	2,763	450	-	-	-
Disbursements:						
Current:						
Instruction	417	328	-	-	-	-
Support services	2,862	-	-	-	-	3,186
Community services	-	2,435	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	3,279	2,763	-	-	-	3,186
Excess (deficiency) of receipts over disbursements	(3,279)	-	450	-	-	(3,186)
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	(3,279)	-	450	-	-	(3,186)
Cash and investments - beginning	3,279	-	1,374	835	2,030	6,839
Cash and investments - ending	\$ -	\$ -	\$ 1,824	\$ 835	\$ 2,030	\$ 3,653
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 1,824	\$ 835	\$ 2,030	\$ 3,653
Total cash and investment assets - ending	\$ -	\$ -	\$ 1,824	\$ 835	\$ 2,030	\$ 3,653
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 1,824	\$ 835	\$ 2,030	\$ 3,653
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 1,824	\$ 835	\$ 2,030	\$ 3,653

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Ball State History Grant	Title I 2005/2006 Delinquent Intervention	Title I 2006/2007	Title I 2006/2007 Delinquent Intervention	Title I 2005/2006	Title V Part A 2004/2005
Receipts:						
Local sources	\$ -	\$ -	\$ 1,821	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	110,823	5,315	494,556	10,924	51,164	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	110,823	5,315	496,377	10,924	51,164	-
Disbursements:						
Current:						
Instruction	240	1,077	397,403	12,297	84,719	-
Support services	110,583	-	72,166	-	15,536	842
Community services	-	-	3,667	-	398	-
Nonprogrammed charges	-	366	2,651	74	12,538	-
Debt services	-	-	-	-	-	-
Total disbursements	110,823	1,443	475,887	12,371	113,191	842
Excess (deficiency) of receipts over disbursements	-	3,872	20,490	(1,447)	(62,027)	(842)
Other financing sources (uses):						
Transfers in	-	-	2,971	13,146	-	-
Transfers out	-	(13,146)	-	-	(2,971)	-
Total other financing sources (uses)	-	(13,146)	2,971	13,146	(2,971)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,274)	23,461	11,699	(64,998)	(842)
Cash and investments - beginning	-	9,274	-	-	64,998	842
Cash and investments - ending	\$ -	\$ -	\$ 23,461	\$ 11,699	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 23,461	\$ 11,699	\$ -	\$ -
Total cash and investment assets - ending	\$ -	\$ -	\$ 23,461	\$ 11,699	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 23,461	\$ 11,699	\$ -	\$ -
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 23,461	\$ 11,699	\$ -	\$ -

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title V Part A 2005/2006	Title V Part A 2006/2007	Drug Free Schools 2004/2005	Drug Free Schools 2007	Medicaid Reimbursement	Title II Part A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	6,355	-	-	22,078	-	223,312
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	6,355	-	-	22,078	-	223,312
Disbursements:						
Current:						
Instruction	-	-	291	2,222	-	186,757
Support services	5,278	5,349	6,119	19,856	-	33,873
Community services	-	-	-	-	-	-
Nonprogrammed charges	275	153	-	-	-	9,726
Debt services	-	-	-	-	-	-
Total disbursements	5,553	5,502	6,410	22,078	-	230,356
Excess (deficiency) of receipts over disbursements	802	(5,502)	(6,410)	-	-	(7,044)
Other financing sources (uses):						
Transfers in	5,500	3,500	-	-	-	-
Transfers out	-	-	-	-	-	(9,000)
Total other financing sources (uses)	5,500	3,500	-	-	-	(9,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,302	(2,002)	(6,410)	-	-	(16,044)
Cash and investments - beginning	53	-	6,410	-	24,889	9,612
Cash and investments - ending	\$ 6,355	\$ (2,002)	\$ -	\$ -	\$ 24,889	\$ (6,432)
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,355	\$ (2,002)	\$ -	\$ -	\$ 24,889	\$ (6,432)
Total cash and investment assets - ending	\$ 6,355	\$ (2,002)	\$ -	\$ -	\$ 24,889	\$ (6,432)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 6,355	\$ (2,002)	\$ -	\$ -	\$ 24,889	\$ (6,432)
Total cash and investment fund balance - ending	\$ 6,355	\$ (2,002)	\$ -	\$ -	\$ 24,889	\$ (6,432)

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Enhancing Education Through Technology	Reading First Program Grant	Retirement Debt Service Fund	Technology Construction Fund	Lydia Middleton Construction Fund	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 362,788	\$ -	\$ 20,937	\$ 795,404
Intermediate sources	-	-	-	-	-	1,650
State sources	-	-	-	-	-	204,005
Federal sources	13,063	207,149	-	-	-	1,144,739
Bonds and loans	-	-	505,856	-	-	505,856
Sale of property, adjustments and refunds	-	-	-	-	-	1,274
Total receipts	<u>13,063</u>	<u>207,149</u>	<u>868,644</u>	<u>-</u>	<u>20,937</u>	<u>2,652,928</u>
Disbursements:						
Current:						
Instruction	-	118,811	-	-	-	896,011
Support services	15,833	262,654	-	-	335,000	1,260,975
Community services	-	-	-	-	-	54,817
Nonprogrammed charges	-	24,404	-	-	-	191,812
Debt services	-	-	1,398,835	-	-	1,398,835
Total disbursements	<u>15,833</u>	<u>405,869</u>	<u>1,398,835</u>	<u>-</u>	<u>335,000</u>	<u>3,802,450</u>
Excess (deficiency) of receipts over disbursements	<u>(2,770)</u>	<u>(198,720)</u>	<u>(530,191)</u>	<u>-</u>	<u>(314,063)</u>	<u>(1,149,522)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	181,290
Transfers out	-	-	(9,624)	-	-	(278,082)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(9,624)</u>	<u>-</u>	<u>-</u>	<u>(96,792)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,770)</u>	<u>(198,720)</u>	<u>(539,815)</u>	<u>-</u>	<u>(314,063)</u>	<u>(1,246,314)</u>
Cash and investments - beginning	<u>15,833</u>	<u>193,039</u>	<u>343,809</u>	<u>207</u>	<u>353,773</u>	<u>1,376,829</u>
Cash and investments - ending	<u>\$ 13,063</u>	<u>\$ (5,681)</u>	<u>\$ (196,006)</u>	<u>\$ 207</u>	<u>\$ 39,710</u>	<u>\$ 130,515</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 13,063</u>	<u>\$ (5,681)</u>	<u>\$ (196,006)</u>	<u>\$ 207</u>	<u>\$ 39,710</u>	<u>\$ 130,515</u>
Total cash and investment assets - ending	<u>\$ 13,063</u>	<u>\$ (5,681)</u>	<u>\$ (196,006)</u>	<u>\$ 207</u>	<u>\$ 39,710</u>	<u>\$ 130,515</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 13,063</u>	<u>\$ (5,681)</u>	<u>\$ (196,006)</u>	<u>\$ 207</u>	<u>\$ 39,710</u>	<u>\$ 130,515</u>
Total cash and investment fund balance - ending	<u>\$ 13,063</u>	<u>\$ (5,681)</u>	<u>\$ (196,006)</u>	<u>\$ 207</u>	<u>\$ 39,710</u>	<u>\$ 130,515</u>

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Textbook Rental	Child Care Programs	Alternative Education Grant	Early Intervention Read Grant	E O Muncie Donation	Employee Recognition/ Learning Place
Receipts:							
Local sources	\$ 29,453	\$ 189,323	\$ 66,368	\$ -	\$ -	\$ 8,500	\$ 22,675
Intermediate sources	-	-	-	-	-	-	-
State sources	132,475	135,512	-	-	11,000	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	161,928	324,835	66,368	-	11,000	8,500	22,675
Disbursements:							
Current:							
Instruction	-	-	6,145	-	-	11,083	-
Support services	-	257,526	-	-	11,261	-	12,626
Community services	-	-	52,571	-	-	-	-
Nonprogrammed charges	146,871	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	146,871	257,526	58,716	-	11,261	11,083	12,626
Excess (deficiency) of receipts over disbursements	15,057	67,309	7,652	-	(261)	(2,583)	10,049
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	15,057	67,309	7,652	-	(261)	(2,583)	10,049
Cash and investments - beginning	59,285	40,184	24,595	5,000	261	2,344	53,309
Cash and investments - ending	\$ 74,342	\$ 107,493	\$ 32,247	\$ 5,000	\$ -	\$ (239)	\$ 63,358
Cash and Investment Assets - Ending							
Cash and investments	\$ 74,342	\$ 107,493	\$ 32,247	\$ 5,000	\$ -	\$ (239)	\$ 63,358
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 74,342	\$ 107,493	\$ 32,247	\$ 5,000	\$ -	\$ (239)	\$ 63,358
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	74,342	107,493	32,247	5,000	-	(239)	63,358
Total cash and investment fund balance - ending	\$ 74,342	\$ 107,493	\$ 32,247	\$ 5,000	\$ -	\$ (239)	\$ 63,358

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Forfeited SEC 125	Deaf/Blind Instructional Fund	4 Community Grant	CAPE	Driver's Education	Gifted/ Talented 2006/2007	Gifted/ Talented 2007/2008
Receipts:							
Local sources	\$ 4,016	\$ 1,515	\$ 625	\$ 85,784	\$ 24,500	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	40,599
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Total receipts	4,016	1,515	625	85,784	24,500	-	40,599
Disbursements:							
Current:							
Instruction	-	55	5,349	75,847	573	-	46
Support services	-	3,481	44	4,778	250	395	11,210
Community services	-	-	-	-	19,438	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	-	3,536	5,393	80,625	20,261	395	11,256
Excess (deficiency) of receipts over disbursements	4,016	(2,021)	(4,768)	5,159	4,239	(395)	29,343
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(21,416)
Total other financing sources (uses)	-	-	-	-	-	-	(21,416)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,016	(2,021)	(4,768)	5,159	4,239	(395)	7,927
Cash and investments - beginning	-	(1,516)	5,021	24,032	-	395	-
Cash and investments - ending	\$ 4,016	\$ (3,537)	\$ 253	\$ 29,191	\$ 4,239	\$ -	\$ 7,927
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 4,016	\$ (3,537)	\$ 253	\$ 29,191	\$ 4,239	\$ -	\$ 7,927
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,016	\$ (3,537)	\$ 253	\$ 29,191	\$ 4,239	\$ -	\$ 7,927
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,016	(3,537)	253	29,191	4,239	-	7,927
Total cash and investment fund balance - ending	\$ 4,016	\$ (3,537)	\$ 253	\$ 29,191	\$ 4,239	\$ -	\$ 7,927

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Extra Curricular Athletics	Non-English Speaking Program	School Technology Fund	Technology Grant Buddy System	Indiana IMPR Awards	Ball State History Grant
Receipts:						
Local sources	\$ 2,468	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	6,326	-	-	-	-
Federal sources	-	-	-	-	-	106,155
Bonds and loans	-	-	-	-	-	-
Total receipts	2,468	6,326	-	-	-	106,155
Disbursements:						
Current:						
Instruction	72	8,093	-	-	-	-
Support services	-	-	835	-	2,420	106,155
Community services	2,396	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,468	8,093	835	-	2,420	106,155
Excess (deficiency) of receipts over disbursements	-	(1,767)	(835)	-	(2,420)	-
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	-	(1,767)	(835)	-	(2,420)	-
Cash and investments - beginning	-	1,824	835	2,030	3,653	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 57</u>	<u>\$ -</u>	<u>\$ 2,030</u>	<u>\$ 1,233</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 57	\$ -	\$ 2,030	\$ 1,233	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 57	\$ -	\$ 2,030	\$ 1,233	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	57	-	2,030	1,233	-
Total cash and investment fund balance - ending	\$ -	\$ 57	\$ -	\$ 2,030	\$ 1,233	\$ -

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title I 2006/2007	Title I 2006/2007 Delinquent Intervention	Title I 2007/2008	Title I No Child Left Behind 2007/2008	Title I 2007/2008 Delinquent Intervention	Title I No Child Left Behind Improvement Grant
Receipts:						
Local sources	\$ -	\$ -	\$ 4,300	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	62,500	-	475,408	28,478	10,562	2,000
Bonds and loans	-	-	-	-	-	-
Total receipts	<u>62,500</u>	<u>-</u>	<u>479,708</u>	<u>28,478</u>	<u>10,562</u>	<u>2,000</u>
Disbursements:						
Current:						
Instruction	69,623	1,776	414,411	26	8,509	1,027
Support services	8,999	-	45,130	15,992	-	-
Community services	1,983	-	7,631	210	-	292
Nonprogrammed charges	-	77	57	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>80,605</u>	<u>1,853</u>	<u>467,229</u>	<u>16,228</u>	<u>8,509</u>	<u>1,319</u>
Excess (deficiency) of receipts over disbursements	<u>(18,105)</u>	<u>(1,853)</u>	<u>12,479</u>	<u>12,250</u>	<u>2,053</u>	<u>681</u>
Other financing sources (uses):						
Transfers in	-	-	5,356	-	9,846	-
Transfers out	(5,356)	(9,846)	-	-	-	-
Total other financing sources (uses)	<u>(5,356)</u>	<u>(9,846)</u>	<u>5,356</u>	<u>-</u>	<u>9,846</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,461)</u>	<u>(11,699)</u>	<u>17,835</u>	<u>12,250</u>	<u>11,899</u>	<u>681</u>
Cash and investments - beginning	<u>23,461</u>	<u>11,699</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,835</u>	<u>\$ 12,250</u>	<u>\$ 11,899</u>	<u>\$ 681</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 17,835	\$ 12,250	\$ 11,899	\$ 681
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,835</u>	<u>\$ 12,250</u>	<u>\$ 11,899</u>	<u>\$ 681</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	17,835	12,250	11,899	681
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,835</u>	<u>\$ 12,250</u>	<u>\$ 11,899</u>	<u>\$ 681</u>

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title V 2005/2006	Title V 2006/2007	Title V 2007/2008	Drug Free School 2007	Medicaid Reimbursement	Title II Part A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	(6,355)	6,355	6,163	15,692	-	196,810
Bonds and loans	-	-	-	-	-	-
Total receipts	(6,355)	6,355	6,163	15,692	-	196,810
Disbursements:						
Current:						
Instruction	-	-	-	628	-	188,642
Support services	-	4,353	5,505	13,807	-	8,291
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	24,889	-
Debt services	-	-	-	-	-	-
Total disbursements	-	4,353	5,505	14,435	24,889	196,933
Excess (deficiency) of receipts over disbursements	(6,355)	2,002	658	1,257	(24,889)	(123)
Other financing sources (uses):						
Transfers in	-	-	3,272	-	-	-
Transfers out	-	-	-	-	-	(3,272)
Total other financing sources (uses)	-	-	3,272	-	-	(3,272)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,355)	2,002	3,930	1,257	(24,889)	(3,395)
Cash and investments - beginning	6,355	(2,002)	-	-	24,889	(6,432)
Cash and investments - ending	\$ -	\$ -	\$ 3,930	\$ 1,257	\$ -	\$ (9,827)
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 3,930	\$ 1,257	\$ -	\$ (9,827)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 3,930	\$ 1,257	\$ -	\$ (9,827)
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	3,930	1,257	-	(9,827)
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 3,930	\$ 1,257	\$ -	\$ (9,827)

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Enhancing Education Through Technology	Reading First Program Grant	Retirement Debt Service Fund	Technology Construction Fund	Lydia Middleton Construction Fund	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 2,009,814	\$ -	\$ -	\$ 2,449,341
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	325,912
Federal sources	-	337,659	-	-	-	1,241,427
Bonds and loans	-	-	99,607	-	-	99,607
Total receipts	-	337,659	2,109,421	-	-	4,116,287
Disbursements:						
Current:						
Instruction	-	111,232	-	-	-	903,137
Support services	13,063	204,054	-	207	-	730,382
Community services	-	-	-	-	-	84,521
Nonprogrammed charges	-	17,649	-	-	1,590	191,133
Debt services	-	-	1,911,786	-	-	1,911,786
Total disbursements	13,063	332,935	1,911,786	207	1,590	3,820,959
Excess (deficiency) of receipts over disbursements	(13,063)	4,724	197,635	(207)	(1,590)	295,328
Other financing sources (uses):						
Transfers in	-	-	-	-	-	18,474
Transfers out	-	-	-	-	-	(39,890)
Total other financing sources (uses)	-	-	-	-	-	(21,416)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(13,063)	4,724	197,635	(207)	(1,590)	273,912
Cash and investments - beginning	13,063	(5,681)	(196,006)	207	39,710	130,515
Cash and investments - ending	\$ -	\$ (957)	\$ 1,629	\$ -	\$ 38,120	\$ 404,427
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (957)	\$ -	\$ -	\$ 38,120	\$ 402,798
Restricted assets:						
Cash and investments	-	-	1,629	-	-	1,629
Total cash and investment assets - ending	\$ -	\$ (957)	\$ 1,629	\$ -	\$ 38,120	\$ 404,427
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 1,629	\$ -	\$ -	\$ 1,629
Unrestricted	-	(957)	-	-	38,120	402,798
Total cash and investment fund balance - ending	\$ -	\$ (957)	\$ 1,629	\$ -	\$ 38,120	\$ 404,427

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

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Family/Children Grant 2006/2007	Family/Children Grant 2005/2006	Donations Fund	Anderson Wrap-Around Kindergarten Program	A. S. Custer Fund	Education Foundation
Additions:						
Contributions:						
Other	\$ 24,900	\$ -	\$ 7,300	\$ -	\$ 41,000	\$ -
Investment earnings:						
Interest	-	-	-	-	1,686	-
Total additions	24,900	-	7,300	-	42,686	-
Deductions:						
Administrative and general	24,900	286	3,200	-	42,740	-
Excess (deficiency) of total additions over total deductions	-	(286)	4,100	-	(54)	-
Cash and investment fund balance - beginning	-	286	7,936	2,246	41,096	483
Cash and investments - June 30	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,036</u>	<u>\$ 2,246</u>	<u>\$ 41,042</u>	<u>\$ 483</u>
Net assets:						
Cash and investments	\$ -	\$ -	\$ 12,036	\$ 2,246	\$ 41,042	\$ 483
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,036</u>	<u>\$ 2,246</u>	<u>\$ 41,042</u>	<u>\$ 483</u>

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Indiana Next Grant	GED	Cub Field Renovation Donation	Student CPR Training	Totals
Additions:					
Contributions:					
Other	\$ -	\$ 5,835	\$ 5,641	\$ 1,000	\$ 85,676
Investment earnings:					
Interest	-	-	-	-	1,686
Total additions	-	5,835	5,641	1,000	87,362
Deductions:					
Administrative and general	19	5,196	6,552	502	83,395
Excess (deficiency) of total additions over total deductions	(19)	639	(911)	498	3,967
Cash and investment fund balance - beginning	1,519	1,809	1,549	-	56,924
Cash and investments - June 30	<u>\$ 1,500</u>	<u>\$ 2,448</u>	<u>\$ 638</u>	<u>\$ 498</u>	<u>\$ 60,891</u>
Net assets:					
Cash and investments	\$ 1,500	\$ 2,448	\$ 638	\$ 498	\$ 60,891
Total net assets - cash and investment basis held in trust	<u>\$ 1,500</u>	<u>\$ 2,448</u>	<u>\$ 638</u>	<u>\$ 498</u>	<u>\$ 60,891</u>

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Reading Recovery Site Training	Donation Fund	CASA	Anderson Wrap-Around Kindergarten Program	A. S. Custer Fund	Education Foundation
Additions:						
Contributions:						
Other	\$ 2,500	\$ 7,300	\$ 2,840	\$ -	\$ 41,000	\$ -
Investment earnings:						
Interest	-	-	-	-	2,076	-
Total additions	<u>2,500</u>	<u>7,300</u>	<u>2,840</u>	<u>-</u>	<u>43,076</u>	<u>-</u>
Deductions:						
Administrative and general	-	2,617	2,840	-	43,115	-
Excess (deficiency) of total additions over total deductions	2,500	4,683	-	-	(39)	-
Cash and investment fund balance - beginning	-	12,036	-	2,246	41,042	483
Cash and investments - June 30	<u>\$ 2,500</u>	<u>\$ 16,719</u>	<u>\$ -</u>	<u>\$ 2,246</u>	<u>\$ 41,003</u>	<u>\$ 483</u>
Net assets:						
Cash and investments	\$ 2,500	\$ 16,719	\$ -	\$ 2,246	\$ 41,003	\$ 483
Total net assets - cash and investment basis held in trust	<u>\$ 2,500</u>	<u>\$ 16,719</u>	<u>\$ -</u>	<u>\$ 2,246</u>	<u>\$ 41,003</u>	<u>\$ 483</u>

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Indiana Next Grants	GED	Cub Field Renovation Donation	Student CPR Training	Totals
Additions:					
Contributions:					
Other	\$ -	\$ 5,895	\$ 3,725	\$ -	\$ 63,260
Investment earnings:					
Interest	-	-	-	-	2,076
Total additions	-	5,895	3,725	-	65,336
Deductions:					
Administrative and general	1,500	7,833	3,401	-	61,306
Excess (deficiency) of total additions over total deductions	(1,500)	(1,938)	324	-	4,030
Cash and investment fund balance - beginning	1,500	2,448	638	498	60,891
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ 962</u>	<u>\$ 498</u>	<u>\$ 64,921</u>
Net assets:					
Cash and investments	\$ -	\$ 510	\$ 962	\$ 498	\$ 64,921
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 510</u>	<u>\$ 962</u>	<u>\$ 498</u>	<u>\$ 64,921</u>

Madison Consolidated Schools

Superintendent

Dr. Thomas G. Patterson

Director of Operations & Personnel

Mr. Michael Robinson

**2421 Wilson Avenue
Madison, Indiana 47250**

812-273-8511

Fax 812-273-8516

Board of School Trustees

Gregory Bentz

Helen Lawrence Cope

Linda K. Darnell

Andrew D. Lytle

Carl G. Schaum

MADISON CONSOLIDATED SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 694,921
Buildings	56,801,592
Improvements other than buildings	2,436,944
Machinery and equipment	6,222,400
Construction in progress	<u>-</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 66,155,857</u></u>

Educating All Students to Reach Their Potential

Madison Consolidated Schools

Superintendent

Dr. Thomas G. Patterson

Director of Operations & Personnel

Mr. Michael Robinson

**2421 Wilson Avenue
Madison, Indiana 47250
812-273-8511**

Fax 812-273-8516

Board of School Trustees

Gregory Bentz
Helen Lawrence Cope
Linda K. Darnell
Andrew D. Lytle
Carl G. Schaum

MADISON CONSOLIDATED SCHOOLS
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Madison Senior High School	\$ 6,115,000	\$ 1,186,000
Madison Junior High School	\$ 5,560,000	\$ 596,000
Lydia Middleton Elementary	\$ 10,670,000	\$ 1,165,000
Notes and loans payable:		
Guaranteed Energy Savings	\$ 78,124	\$ 55,142
Textbook Contracts	\$ 320,017	\$ 140,207
Bonds payable:		
General obligation bonds:		
Retirement	\$ 7,565,000	\$ 1,401,885
Total governmental activities debt	\$ 30,308,141	\$ 4,544,234

Educating All Students to Reach Their Potential

MADISON CONSOLIDATED SCHOOLS
AUDIT RESULTS AND COMMENTS

TEXTBOOK REIMBURSEMENT

The Textbook Reimbursement Summary Claim Forms for school years 2006-2007 and 2007-2008 submitted to the State included incorrect cost of textbooks for grades 6 through 8. As a result of the incorrect costs used the School Corporation under claimed \$15,629.54. The schedule compares the original reimbursement amount claimed by the School Corporation to the revised reimbursement amount to be claimed:

	<u>2006-2007</u>	<u>2007-2008</u>	<u>Total</u>
Original reimbursement claim	\$ 115,284.98	\$ 129,765.20	
Revised reimbursement claim	<u>124,459.45</u>	<u>140,002.56</u>	
Total under claimed costs	\$ (9,174.47)	\$ (10,237.36)	
State reimbursement percentage	58.77%	100%	
Total under claimed reimbursement	<u>\$ (5,392.18)</u>	<u>\$ (10,237.36)</u>	<u>\$ (15,629.54)</u>

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

INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

1. The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

2. The Extra Curricular treasurers are responsible for the collection and disbursement of textbook rental funds including writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

MADISON CONSOLIDATED SCHOOLS
 AUDIT RESULTS AND COMMENTS
 (Continued)

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

OVERDRAWN CASH BALANCES

The cash balances of the following funds were overdrawn in the amount indicated as of June 30, 2007 and 2008:

Fund	2007	2008
Retirement Debt Service	\$ 196,006	\$ -
Deaf/Blind Instructional Fund	1,516	3,537
Title V Part A 2006-2007	2,002	-
Title II Part A	6,432	9,827
Reading First Program Grant	5,681	957
School Bus Replacement	-	4,590
EO Muncie Doantion	-	239

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

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 WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED
SCHOOLS, JEFFERSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Madison Consolidated Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

April 9, 2009

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 07	\$ 124,219	\$ -
		FY 08	-	142,323
National School Lunch Program	10.555	FY 07	563,136	-
		FY 08	-	629,009
Total for federal grantor agency			<u>687,355</u>	<u>771,332</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
FY 05-06 Basic	84.010	06-3995	113,191	-
FY 06-07 Basic		07-3995	475,887	80,605
FY 07-08 Basic		08-3995	-	467,229
FY 05-06 Prevention/Intervention		FY 05-06	1,443	-
FY 06-07 Prevention/Intervention		FY 06-07	12,371	1,853
FY 07-08 Prevention/Intervention		FY 07-08	-	8,509
School Improvement		FY 07-08	-	17,547
Total for program			<u>602,892</u>	<u>575,743</u>
Safe and Drug-Free Schools and Communities - State Grants				
FY 04-05	84.186	04-187	6,410	-
FY 06-07		3995-06	22,078	14,435
Total for program			<u>28,488</u>	<u>14,435</u>
State Grants for Innovative Programs (Title V of ESEA)				
FY 04-05	84.298	04-136	842	-
FY 05-06		05-150	5,553	-
FY 06-07		3995-07	5,502	4,353
FY 07-08		3995-08	-	5,505
Total for program			<u>11,897</u>	<u>9,858</u>
Reading First State Grant (Title I, Part B)				
	84.357	FY 05-06	238,992	-
		FY 06-07	166,877	155,941
		FY 07-08	-	176,994
Total for program			<u>405,869</u>	<u>332,935</u>
Improving Teacher Quality State Grants (Title II, Part A of ESEA)				
FY 04-05	84.367	04-257	7,579	-
FY 05-06		05-174	109,661	1,649
FY 06-07		06-3995	113,116	86,031
FY 07-08		07-3995	-	109,253
Total for program			<u>230,356</u>	<u>196,933</u>
Total for federal grantor agency			<u>1,049,146</u>	<u>932,971</u>
Total federal awards expended			<u>\$ 1,966,857</u>	<u>\$ 1,901,236</u>

The accompanying note is an integral part of the Schedule of Expenditures of Federal Awards.

MADISON CONSOLIDATED SCHOOLS
NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Madison Consolidated Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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 the 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.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
N/A	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.357	Reading First State Grant

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

Auditee qualified as low-risk auditee? no

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II - Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROLS - SEGREGATION OF DUTIES

The School Corporation does not have adequate segregation of accounting duties or compensating controls in place to ensure the accuracy of financial reporting and the safeguarding of cash as described below:

The Treasurer is responsible for writing receipts; making deposits; writing vendor checks; recording receipts and vendor checks on the ledger; and performing month end bank reconciliations.

Segregation of duties is the concept of having different people do different tasks within the organization. Segregation of duties provides the foundation of good internal control by assuring that no one individual is in a position to perpetuate and conceal errors or irregularities in the normal course of their authorized duties. Compensating controls are safeguards put in place to mitigate the effects of the lack of segregation of duties.

The lack of segregation is caused by the School Corporation having a small staff that limits the School Corporation's ability to segregate accounting duties.

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

We recommended that the School Corporation officials make a determination on whether it is practical to enhance segregation of accounting duties or to implement compensating controls.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Madison Consolidated Schools

Superintendent

Dr. Thomas G. Patterson

Director of Operations & Personnel

Mr. Michael Robinson

**2421 Wilson Avenue
Madison, Indiana 47250**

812-273-8511

Fax 812-273-8516

Board of School Trustees

Gregory Bentz

Helen Lawrence Cope

Linda K. Darnell

Andrew D. Lytle

Carl G. Schaum

**MADISON CONSOLIDATED SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
AUDIT PERIOD 07-01-06 to 06-30-08**

Finding Number 2006-1, Cash Management
Federal Program: Reading First State Grants
CFDA Number: 84.357

Status of Finding:

Since the time of the prior audit I have kept in contact with the individual in our corporation responsible for the expenditures that are paid from this grant. We have taken action to correct this situation by monitoring the monthly expenditures to the cash amounts requested each month through out this grant period.

Finding Number 2006-2 Cash Management
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010

Status of Finding:

Since the time of the prior audit I have kept in contact with the individual in our corporation responsible for the expenditures that are paid from this grant. We have taken action to correct this situation by monitoring the monthly expenditures to the cash amounts requested each month through out this grant period.


Charlene O'Connell

2/12/09

Madison Consolidated Schools

Superintendent

Dr. Thomas G. Patterson

Director of Operations & Personnel

Mr. Michael Robinson

**2421 Wilson Avenue
Madison, Indiana 47250
812-273-8511
Fax 812-273-8516**

Board of School Trustees

Gregory Bentz
Helen Lawrence Cope
Linda K. Darnell
Andrew D. Lytle
Carl G. Schaum

March 4, 2009

To: Indiana State Board of Accounts

Corrective Action Plan Concerning:

FINDING NO. 2008-1 INTERNAL CONTROLS – SEGREGATION OF DUTIES

Contact Person: Charlene O'Connell
Title: Treasurer
Phone Number: (812) 273-8511
Expected Completion Date: Immediately

We have corrected the issue by giving the bank reconciliation to the secretary of the Director of Finance. Instead of the treasurer continuing to do this duty, the secretary of the Director of Finance will be doing this monthly.



Treasurer

3-4-09

Date

MADISON CONSOLIDATED SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on April 9, 2009, with Charlene O'Connell, Treasurer; Sharon Hay, Deputy Treasurer; Dr. Thomas G. Patterson, Superintendent of Schools; and Helen L. Cope, President of the School Board. The officials concurred with our audit findings.