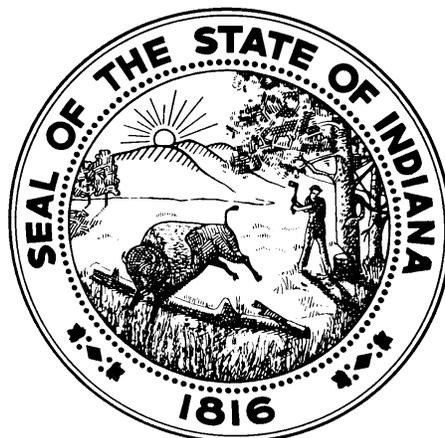


**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

AUDIT REPORT  
OF

SOUTH MADISON COMMUNITY  
SCHOOL CORPORATION  
MADISON COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

06/23/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Penny G. Myers	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Thomas E. Warmke	07-01-06 to 06-30-09
President of the School Board	Mark Matlock Amy McGinnis Jon Trippeer	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE SOUTH MADISON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Madison Community School Corporation (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 May 20, 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.

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

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

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 a required part 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

May 20, 2009



**STATE OF INDIANA**  
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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 SOUTH MADISON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the South Madison Community School Corporation (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 May 20, 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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 May 20, 2009.

This report is intended solely for the information and use of the School Corporation's management, board of school trustees, 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

May 20, 2009

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<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	\$ 12,287,291	\$ -	\$ 125,954	\$ (12,161,337)
Support services	15,025,485	1,616,430	505,858	(12,903,197)
Community services	390,893	-	-	(390,893)
Nonprogrammed charges	4,829,415	-	-	(4,829,415)
Debt service	5,218,180	-	-	(5,218,180)
<b>Total governmental</b>	<b><u>\$ 37,751,264</u></b>	<b><u>\$ 1,616,430</u></b>	<b><u>\$ 631,812</u></b>	<b><u>(35,503,022)</u></b>
General receipts:				
Property taxes				7,473,996
Other local sources				2,076,455
State aid				15,594,631
Bonds and loans				7,393,073
Grants and contributions not restricted to specific programs				347,490
Sale of property, adjustments, and refunds				82,820
Investment earnings				<u>104,845</u>
<b>Total general receipts</b>				<b><u>33,073,310</u></b>
<b>Change in net assets</b>				<b>(2,429,712)</b>
<b>Net assets - beginning</b>				<b><u>5,566,303</u></b>
<b>Net assets - ending</b>				<b><u>\$ 3,136,591</u></b>
<u>Assets</u>				
Cash and investments				\$ 1,257,084
Restricted assets:				
Cash and investments				<u>1,879,507</u>
<b>Total assets</b>				<b><u>\$ 3,136,591</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 22,948
Other purposes				1,856,559
Unrestricted				<u>1,257,084</u>
<b>Total net assets</b>				<b><u>\$ 3,136,591</u></b>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 12,521,749	\$ -	\$ 252,903	\$ (12,268,846)
Support services	11,916,379	1,722,192	593,578	(9,600,609)
Community services	522,130	-	-	(522,130)
Nonprogrammed charges	5,104,865	-	-	(5,104,865)
Debt service	10,520,910	-	-	(10,520,910)
<b>Total governmental</b>	<b>\$ 40,586,033</b>	<b>\$ 1,722,192</b>	<b>\$ 846,481</b>	<b>(38,017,360)</b>
General receipts:				
Property taxes				14,018,431
Other local sources				2,375,677
State aid				15,719,870
Bonds and loans				5,098,629
Grants and contributions not restricted to specific programs				451,821
Sale of property, adjustments, and refunds				2,408,693
Investment earnings				139,069
<b>Total general receipts</b>				<b>40,212,190</b>
Change in net assets				2,194,830
Net assets - beginning				3,136,591
Net assets - ending				<b>\$ 5,331,421</b>
<u>Assets</u>				
Cash and investments				\$ 3,249,745
Restricted assets:				
Cash and investments				2,081,676
<b>Total assets</b>				<b>\$ 5,331,421</b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 463,112
Other purposes				1,618,564
Unrestricted				3,249,745
<b>Total net assets</b>				<b>\$ 5,331,421</b>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
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	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>										
Local sources	\$ 4,038,577	\$ 666,167	\$ 1,047,515	\$ -	\$ 2,509,337	\$ 1,051,075	\$ 217,225	\$ 577,416	\$ 1,139,691	\$ 11,247,003
Intermediate sources	188	-	-	-	-	-	-	-	2,006	2,194
State sources	15,720,166	-	27,234	-	-	-	-	-	340,451	16,087,851
Federal sources	-	-	416,254	-	-	-	-	-	69,830	486,084
Bonds and loans	2,000,000	-	-	-	1,814,500	827,400	73,990	2,300,000	377,183	7,393,073
Sale of property, adjustments and refunds	70,803	675	780	-	-	4,981	-	-	5,582	82,821
<b>Total receipts</b>	<b>21,829,734</b>	<b>666,842</b>	<b>1,491,783</b>	<b>-</b>	<b>4,323,837</b>	<b>1,883,456</b>	<b>291,215</b>	<b>2,877,416</b>	<b>1,934,743</b>	<b>35,299,026</b>
<b>Disbursements:</b>										
<b>Current:</b>										
Instruction	15,788,934	-	-	-	-	-	-	-	527,009	16,315,943
Support services	4,109,797	1,414,653	1,383,871	-	4,496	2,531,012	403,973	4,708,876	468,807	15,025,485
Community services	135,666	-	-	-	-	-	-	-	255,227	390,893
Nonprogrammed charges	1,443,077	-	-	-	-	-	-	-	-	1,443,077
Debt services	-	-	-	-	4,725,434	-	-	-	492,746	5,218,180
<b>Total disbursements</b>	<b>21,477,474</b>	<b>1,414,653</b>	<b>1,383,871</b>	<b>-</b>	<b>4,729,930</b>	<b>2,531,012</b>	<b>403,973</b>	<b>4,708,876</b>	<b>1,743,789</b>	<b>38,393,578</b>
Excess (deficiency) of receipts over disbursements	352,260	(747,811)	107,912	-	(406,093)	(647,556)	(112,758)	(1,831,460)	190,954	(3,094,552)
<b>Other financing sources (uses):</b>										
Transfers in	125,140	171,948	-	544,351	86,469	36,897	4,573	-	10,545	979,923
Transfers out	(238,013)	(41,941)	-	(285,173)	(308,391)	(76,023)	(13,903)	-	(16,479)	(979,923)
<b>Total other financing sources (uses):</b>	<b>(112,873)</b>	<b>130,007</b>	<b>-</b>	<b>259,178</b>	<b>(221,922)</b>	<b>(39,126)</b>	<b>(9,330)</b>	<b>-</b>	<b>(5,934)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	239,387	(617,804)	107,912	259,178	(628,015)	(686,682)	(122,088)	(1,831,460)	185,020	(3,094,552)
Cash and investments - beginning	(244,448)	87,817	253,872	398,181	636,835	593,228	67,722	2,357,141	224,236	4,374,584
Cash and investments - ending	\$ (5,061)	\$ (529,987)	\$ 361,784	\$ 657,359	\$ 8,820	\$ (93,454)	\$ (54,366)	\$ 525,681	\$ 409,256	1,280,032
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,856,559
Net assets of governmental activities										<u>\$ 3,136,591</u>
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	\$ (5,061)	\$ (529,987)	\$ 361,784	\$ 657,359	\$ -	\$ (93,454)	\$ (54,366)	\$ 525,681	\$ 395,128	\$ 1,257,084
<b>Restricted assets:</b>										
Cash and investments	-	-	-	-	8,820	-	-	-	14,128	22,948
<b>Total cash and investment assets - ending</b>	<b>\$ (5,061)</b>	<b>\$ (529,987)</b>	<b>\$ 361,784</b>	<b>\$ 657,359</b>	<b>\$ 8,820</b>	<b>\$ (93,454)</b>	<b>\$ (54,366)</b>	<b>\$ 525,681</b>	<b>\$ 409,256</b>	<b>\$ 1,280,032</b>
<b>Cash and Investment Fund Balance - Ending</b>										
<b>Restricted for:</b>										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 8,820	\$ -	\$ -	\$ -	\$ 14,128	\$ 22,948
Unrestricted	(5,061)	(529,987)	361,784	657,359	-	(93,454)	(54,366)	525,681	395,128	1,257,084
<b>Total cash and investment fund balance - ending</b>	<b>\$ (5,061)</b>	<b>\$ (529,987)</b>	<b>\$ 361,784</b>	<b>\$ 657,359</b>	<b>\$ 8,820</b>	<b>\$ (93,454)</b>	<b>\$ (54,366)</b>	<b>\$ 525,681</b>	<b>\$ 409,256</b>	<b>\$ 1,280,032</b>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
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	Levy Excess	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
<b>Receipts:</b>										
Local sources	\$ 6,400,939	\$ 1,425,410	\$ 1,042,316	\$ -	\$ 4,748,168	\$ 2,499,235	\$ 585,670	\$ 7,527	\$ 1,517,438	\$ 18,226,703
Intermediate sources	60	-	-	-	-	-	-	-	1,200	1,260
State sources	15,968,861	-	26,918	-	-	-	-	-	348,384	16,344,163
Federal sources	-	-	483,810	-	-	-	-	-	190,200	674,010
Bonds and loans	2,000,000	170,000	-	-	2,490,000	-	60,000	-	378,629	5,098,629
Sale of property, adjustments and refunds	26,116	2,813	810	-	-	-	-	2,376,000	2,955	2,408,694
<b>Total receipts</b>	<b>24,395,976</b>	<b>1,598,223</b>	<b>1,553,854</b>	<b>-</b>	<b>7,238,168</b>	<b>2,499,235</b>	<b>645,670</b>	<b>2,383,527</b>	<b>2,438,806</b>	<b>42,753,459</b>
<b>Disbursements:</b>										
<b>Current:</b>										
Instruction	12,795,466	-	-	-	-	-	-	-	726,283	13,521,749
Support services	8,044,728	1,429,521	1,556,897	-	15,212	1,872,325	532,133	516,168	397,849	14,364,833
Community services	167,641	-	-	-	-	-	-	-	354,491	522,132
Nonprogrammed charges	1,391,010	-	-	-	-	-	-	-	-	1,391,010
Debt services	2,000,000	-	-	-	6,771,689	827,400	73,990	-	847,831	10,520,910
<b>Total disbursements</b>	<b>24,398,845</b>	<b>1,429,521</b>	<b>1,556,897</b>	<b>-</b>	<b>6,786,901</b>	<b>2,699,725</b>	<b>606,123</b>	<b>516,168</b>	<b>2,326,454</b>	<b>40,320,634</b>
Excess (deficiency) of receipts over disbursements	(2,869)	168,702	(3,043)	-	451,267	(200,490)	39,547	1,867,359	112,352	2,432,825
<b>Other financing sources (uses):</b>										
Transfers in	113,008	-	-	-	-	-	-	-	-	113,008
Transfers out	-	-	-	(113,008)	-	-	-	-	-	(113,008)
<b>Total other financing sources (uses)</b>	<b>113,008</b>	<b>-</b>	<b>-</b>	<b>(113,008)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	110,139	168,702	(3,043)	(113,008)	451,267	(200,490)	39,547	1,867,359	112,352	2,432,825
Cash and investments - beginning	(5,061)	(529,987)	361,784	657,359	8,820	(93,454)	(54,366)	525,681	409,256	1,280,032
Cash and investments - ending	\$ 105,078	\$ (361,285)	\$ 358,741	\$ 544,351	\$ 460,087	\$ (293,944)	\$ (14,819)	\$ 2,393,040	\$ 521,608	3,712,857
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:										
Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.										
										1,618,564
Net assets of governmental activities										\$ 5,331,421
<b>Cash and Investment Assets - Ending</b>										
Cash and investments	\$ 105,078	\$ (361,285)	\$ 358,741	\$ 544,351	\$ -	\$ (293,944)	\$ (14,819)	\$ 2,393,040	\$ 518,583	\$ 3,249,745
Restricted assets:										
Cash and investments	-	-	-	-	460,087	-	-	-	3,025	463,112
<b>Total cash and investment assets - ending</b>	<b>\$ 105,078</b>	<b>\$ (361,285)</b>	<b>\$ 358,741</b>	<b>\$ 544,351</b>	<b>\$ 460,087</b>	<b>\$ (293,944)</b>	<b>\$ (14,819)</b>	<b>\$ 2,393,040</b>	<b>\$ 521,608</b>	<b>\$ 3,712,857</b>
<b>Cash and Investment Fund Balance - Ending</b>										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 460,087	\$ -	\$ -	\$ -	\$ 3,025	\$ 463,112
Unrestricted	105,078	(361,285)	358,741	544,351	-	(293,944)	(14,819)	2,393,040	518,583	3,249,745
<b>Total cash and investment fund balance - ending</b>	<b>\$ 105,078</b>	<b>\$ (361,285)</b>	<b>\$ 358,741</b>	<b>\$ 544,351</b>	<b>\$ 460,087</b>	<b>\$ (293,944)</b>	<b>\$ (14,819)</b>	<b>\$ 2,393,040</b>	<b>\$ 521,608</b>	<b>\$ 3,712,857</b>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCE AND RECEIPTS, DISBURSEMENTS,  
AND CHANGE IN FUND BALANCE - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2007

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 4,028,652
Miscellaneous	<u>22,526</u>
Total operating receipts	<u>4,051,178</u>
Operating disbursements:	
Insurance claims and expense	<u>3,386,338</u>
Change in net assets	664,840
Cash and investment fund balance - beginning	<u>1,191,719</u>
Cash and investment fund balance - ending	<u>\$ 1,856,559</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,856,559</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,856,559</u>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCE AND RECEIPTS, DISBURSEMENTS,  
AND CHANGE IN FUND BALANCE - CASH AND INVESTMENT BASIS  
PROPRIETARY FUND  
For the Year Ended June 30, 2008

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 3,448,454
Miscellaneous	27,406
Total operating receipts	3,475,860
Operating disbursements:	
Insurance claims and expense	3,713,855
Change in net assets	(237,995)
Cash and investment fund balance - beginning	1,856,559
Cash and investment fund balance - ending	\$ 1,618,564
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 1,618,564
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 1,618,564

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ 13,084	\$ 22,228	
Investment earnings:			
Interest	5,466	-	
Agency fund additions	-	-	
Total additions	<u>18,550</u>	<u>22,228</u>	
Deductions:			
Benefits	93,149	-	
Administrative and general	224,999	54,120	
Agency fund deductions	-	-	
Total deductions	<u>318,148</u>	<u>54,120</u>	
Excess (deficiency) of total additions over total deductions	(299,598)	(31,892)	
Cash and investment fund balance - beginning	<u>501,555</u>	<u>203,318</u>	
Cash and investment fund balance - ending	<u>\$ 201,957</u>	<u>\$ 171,426</u>	<u>\$ 51,570</u>
Net assets:			
Cash and investments	<u>\$ 201,957</u>	<u>\$ 171,426</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 201,957</u>	<u>\$ 171,426</u>	

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 9,661	
Investment earnings:			
Interest	6	-	
Agency fund additions	-	-	
Deductions:			
Benefits	58,100	-	
Administrative and general	-	14,732	
Agency fund deductions	-	-	
Total deductions	58,100	14,732	
Excess (deficiency) of total additions over total deductions	(58,094)	(5,071)	
Cash and investment fund balance - beginning	201,957	171,426	
Cash and investment fund balance - ending	\$ 143,863	\$ 166,355	\$ 60,276
Net assets:			
Cash and investments	\$ 143,863	\$ 166,355	
Total net assets - cash and investment basis held in trust	\$ 143,863	\$ 166,355	

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
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: South Madison Community School Corporation

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, Community School Corporation of Southern Hancock County, Community School Corporation of Eastern Hancock County, Mt. Vernon Community School Corporation and Greenfield-Central School Corporation in a joint venture to operate Hancock South Madison Joint Services Center which was created to provide educational programs for multiple handicapped, hard of hearing, deaf and visually impaired children. The School Corporation is billed every quarter for their portion of the joint venture expenses based on their percentage of students attending. Complete financial statements for the Hancock-South Madison Joint Services Center can be obtained from Greenfield Central Community School Corporation, 110 West North Street, Greenfield, IN 46140.

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. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 financial

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 all financial resources related to serving meals.

The levy excess fund is used to account for property tax monies received by the unit in excess of 100% of the previous amount of property taxes payable certified by the Department of Local Government and Finance. These monies are subsequently redistributed to other funds as directed by the Department of Local Government and Finance.

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.

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for risk financing for risks associated with medical benefits to employees, retirees, and dependents (excluding postemployment benefits) and is provided to other departments on a cost-reimbursement basis.

The pension trust funds account for the activities of the retirement/severance benefits which accumulate resources for severance payments as authorized by statute.

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

Agency funds account for assets held by the School Corporation as an agent for payroll related withholdings and serve as control accounts for certain cash transactions during the time they are a liability to the school corporation; that is, from the time they are withheld from the employees wages until they are transmitted to the proper payee for the purpose withheld.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. Receipts are recorded when received and disbursements are recorded when paid.

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.

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.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

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).

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 receipts 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.
- 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. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. 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.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 not reported as reimbursements but as adjustments to disbursements in the respective funds.
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.

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.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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
General	\$ 5,061	\$ -
Transportation Operating	529,987	361,285
Capital Projects	93,454	293,944
School Bus Replacement	54,366	14,819

Cash and investment deficits arose primarily from disbursements exceeding receipts due primarily to the timing of property tax distributions.

III. Detailed Notes on All Funds

A. 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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$5,701,915. 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.

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
General	Levy Excess	\$ 238,013	\$ -
Debt Service	Levy Excess	157,992	-
Debt Service	Transportation Operating	150,399	-
Transportation Operating	Levy Excess	41,941	-
School Bus Replacement	Levy Excess	13,903	-
Capital Project	Levy Excess	76,023	-
Levy Excess	General	125,140	113,008
Levy Excess	Debt Service	86,469	-
Levy Excess	Transportation Operating	21,549	-
Levy Excess	School Bus Replacement	4,573	-
Levy Excess	Capital Projects	36,897	-
Levy Excess	Other governmental funds	10,545	-
Other governmental funds	Levy Excess	16,479	-
Totals		<u>\$ 979,923</u>	<u>\$ 113,008</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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. Risk financing is not utilized for the other risks of loss.

Medical Benefits to Employees, Retirees, and Dependents (Excluding Postemployment Benefits)

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$150,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into capital leases with South Madison Elementary School Building Corporation, Second South Madison Community School Building Corporation and South Madison New Middle School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2008, totaled \$1,830,000, \$1,494,000, and \$1,576,947 respectively.

C. Pension Plans

1. Agent Multiple-Employer and Single-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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 128,884
Interest on net pension obligation	(20,878)
Adjustment to annual required contribution	23,792
Annual pension cost	131,798
Contributions made	149,883
Increase (decrease) in net pension obligation	(18,085)
Net pension obligation, beginning of year	(287,968)
Net pension obligation, end of year	\$ (306,053)

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

	PERF
Contribution rates:	
School Corporation	6.00%
Plan members	3%
Actuarial valuation date	07-01-08
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

Actuarial Assumptions	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%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 130,205	106%	\$ (294,813)
	06-30-07	149,013	95%	(287,968)
	06-30-08	131,798	114%	(306,053)

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.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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.

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 7.25% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$459,712, \$383,922, and \$346,943, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years, respectively.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 2,334,514	\$ 2,250,352	\$ 84,162	104%	\$ 2,445,030	3%
07-01-07	2,596,602	2,339,932	256,670	111%	2,332,425	11%
07-01-08	2,850,985	2,556,308	294,677	112%	2,409,953	12%

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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	Child Care Program	Education License Plates	Alternative Education	Safe School Haven	Gifted Talented 06/07
<b>Receipts:</b>							
Local sources	\$ 8,219	\$ 412,367	\$ 488,776	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	2,006	-	-	-
State sources	247,065	62,555	-	-	8,277	-	-
Federal sources	-	-	-	-	-	-	16,766
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	5,582	-	-	-	-	-
<b>Total receipts</b>	<b>255,284</b>	<b>480,504</b>	<b>488,776</b>	<b>2,006</b>	<b>8,277</b>	<b>-</b>	<b>16,766</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	224,283	10	285,915	3,000	-	5,763	4,867
Support services	-	400,577	18	-	-	-	-
Community services	-	-	255,227	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>224,283</b>	<b>400,587</b>	<b>541,160</b>	<b>3,000</b>	<b>-</b>	<b>5,763</b>	<b>4,867</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>31,001</b>	<b>79,917</b>	<b>(52,384)</b>	<b>(994)</b>	<b>8,277</b>	<b>(5,763)</b>	<b>11,899</b>
<b>Other financing sources (uses):</b>							
Transfers in	376	-	-	-	-	-	-
Transfers out	(594)	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(218)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>30,783</b>	<b>79,917</b>	<b>(52,384)</b>	<b>(994)</b>	<b>8,277</b>	<b>(5,763)</b>	<b>11,899</b>
Cash and investments - beginning	41,538	22,939	153,428	12,819	272	-	-
Cash and investments - ending	\$ 72,321	\$ 102,856	\$ 101,044	\$ 11,825	\$ 8,549	\$ (5,763)	\$ 11,899
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 72,321	\$ 102,856	\$ 101,044	\$ 11,825	\$ 8,549	\$ (5,763)	\$ 11,899
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 72,321</b>	<b>\$ 102,856</b>	<b>\$ 101,044</b>	<b>\$ 11,825</b>	<b>\$ 8,549</b>	<b>\$ (5,763)</b>	<b>\$ 11,899</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	72,321	102,856	101,044	11,825	8,549	(5,763)	11,899
<b>Total cash and investment fund balance - ending</b>	<b>\$ 72,321</b>	<b>\$ 102,856</b>	<b>\$ 101,044</b>	<b>\$ 11,825</b>	<b>\$ 8,549</b>	<b>\$ (5,763)</b>	<b>\$ 11,899</b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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 05/06	Teacher Quality Improvement	Education Technology	Step Ahead	Non-English Speaking Programs	School Technology	Tech. Plan Buddy
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	235	22,319	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	93,073	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>93,073</b>	<b>-</b>	<b>235</b>	<b>22,319</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	3,068	103	-	-	-	-	-
Support services	-	-	3,850	-	-	14,617	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,068</b>	<b>103</b>	<b>3,850</b>	<b>-</b>	<b>-</b>	<b>14,617</b>	<b>-</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(3,068)</b>	<b>(103)</b>	<b>89,223</b>	<b>-</b>	<b>235</b>	<b>7,702</b>	<b>-</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(3,068)</b>	<b>(103)</b>	<b>89,223</b>	<b>-</b>	<b>235</b>	<b>7,702</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>3,068</b>	<b>103</b>	<b>(89,078)</b>	<b>84</b>	<b>677</b>	<b>48,216</b>	<b>262</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145</b>	<b>\$ 84</b>	<b>\$ 912</b>	<b>\$ 55,918</b>	<b>\$ 262</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 145	\$ 84	\$ 912	\$ 55,918	\$ 262
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145</b>	<b>\$ 84</b>	<b>\$ 912</b>	<b>\$ 55,918</b>	<b>\$ 262</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	145	84	912	55,918	262
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 145</b>	<b>\$ 84</b>	<b>\$ 912</b>	<b>\$ 55,918</b>	<b>\$ 262</b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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)

	Technology Grants	Mini Society	Staff Improvement	Staff Training	Mentor Certification	Title I FY 02/03	Title V Part A 04/05
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ 120	\$ 678	\$ 9,910	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>120</b>	<b>678</b>	<b>9,910</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	2,766	3,260	-	915	4,473	-	4,387
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,766</b>	<b>3,260</b>	<b>-</b>	<b>915</b>	<b>4,473</b>	<b>-</b>	<b>4,387</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(2,766)</b>	<b>(3,260)</b>	<b>120</b>	<b>(237)</b>	<b>5,437</b>	<b>-</b>	<b>(4,387)</b>
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(2,766)</b>	<b>(3,260)</b>	<b>120</b>	<b>(237)</b>	<b>5,437</b>	<b>-</b>	<b>(4,387)</b>
Cash and investments - beginning	2,766	3,333	95	2,937	89	13	5,525
Cash and investments - ending	\$ -	\$ 73	\$ 215	\$ 2,700	\$ 5,526	\$ 13	\$ 1,138
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ 73	\$ 215	\$ 2,700	\$ 5,526	\$ 13	\$ 1,138
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>\$ 215</b>	<b>\$ 2,700</b>	<b>\$ 5,526</b>	<b>\$ 13</b>	<b>\$ 1,138</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	73	215	2,700	5,526	13	1,138
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 73</b>	<b>\$ 215</b>	<b>\$ 2,700</b>	<b>\$ 5,526</b>	<b>\$ 13</b>	<b>\$ 1,138</b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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 05/06	Title V Part A 06/07	Drug Free Schools	Improving Teacher Quality	Donation for Library Books	Retirement Service Bond	Totals
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 219,621	\$ 1,139,691
Intermediate sources	-	-	-	-	-	-	2,006
State sources	-	-	-	-	-	-	340,451
Federal sources	3,357	2,572	3,192	43,943	-	-	69,830
Bonds and loans	-	-	-	-	-	284,110	377,183
Sale of property, adjustments and refunds	-	-	-	-	-	-	5,582
<b>Total receipts</b>	<b>3,357</b>	<b>2,572</b>	<b>3,192</b>	<b>43,943</b>	<b>-</b>	<b>503,731</b>	<b>1,934,743</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	527,009
Support services	728	-	527	32,689	-	-	468,807
Community services	-	-	-	-	-	-	255,227
Debt services	-	-	-	-	-	492,746	492,746
<b>Total disbursements</b>	<b>728</b>	<b>-</b>	<b>527</b>	<b>32,689</b>	<b>-</b>	<b>492,746</b>	<b>1,743,789</b>
Excess (deficiency) of receipts over disbursements	2,629	2,572	2,665	11,254	-	10,985	190,954
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	10,169	10,545
Transfers out	-	-	-	-	-	(15,885)	(16,479)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(5,716)</b>	<b>(5,934)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,629	2,572	2,665	11,254	-	5,269	185,020
Cash and investments - beginning	6,704	-	379	(794)	2	8,859	224,236
Cash and investments - ending	<u>\$ 9,333</u>	<u>\$ 2,572</u>	<u>\$ 3,044</u>	<u>\$ 10,460</u>	<u>\$ 2</u>	<u>\$ 14,128</u>	<u>\$ 409,256</u>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 9,333	\$ 2,572	\$ 3,044	\$ 10,460	\$ 2	\$ -	\$ 395,128
Restricted assets:							
Cash and investments	-	-	-	-	-	14,128	14,128
<b>Total cash and investment assets - ending</b>	<b>\$ 9,333</b>	<b>\$ 2,572</b>	<b>\$ 3,044</b>	<b>\$ 10,460</b>	<b>\$ 2</b>	<b>\$ 14,128</b>	<b>\$ 409,256</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,128	\$ 14,128
Unrestricted	9,333	2,572	3,044	10,460	2	-	395,128
<b>Total cash and investment fund balance - ending</b>	<b>\$ 9,333</b>	<b>\$ 2,572</b>	<b>\$ 3,044</b>	<b>\$ 10,460</b>	<b>\$ 2</b>	<b>\$ 14,128</b>	<b>\$ 409,256</b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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 Program	Education License Plates	Alternative Education	Safe School Haven	Gifted Talented 06/07
<b>Receipts:</b>							
Local sources	\$ 14,871	\$ 407,970	\$ 527,216	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	1,200	-	-	-
State sources	224,486	82,870	-	-	8,406	4,079	-
Federal sources	-	-	-	-	-	-	43,093
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	2,955	-	-	-	-	-
<b>Total receipts</b>	<u>239,357</u>	<u>493,795</u>	<u>527,216</u>	<u>1,200</u>	<u>8,406</u>	<u>4,079</u>	<u>43,093</u>
<b>Disbursements:</b>							
Current:							
Instruction	321,801	73,809	269,182	5,500	-	3,016	51,861
Support services	-	249,130	108	-	-	-	-
Community services	-	-	354,405	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<u>321,801</u>	<u>322,939</u>	<u>623,695</u>	<u>5,500</u>	<u>-</u>	<u>3,016</u>	<u>51,861</u>
Excess (deficiency) of receipts over disbursements	<u>(82,444)</u>	<u>170,856</u>	<u>(96,479)</u>	<u>(4,300)</u>	<u>8,406</u>	<u>1,063</u>	<u>(8,768)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(82,444)	170,856	(96,479)	(4,300)	8,406	1,063	(8,768)
Cash and investments - beginning	<u>72,321</u>	<u>102,856</u>	<u>101,044</u>	<u>11,825</u>	<u>8,549</u>	<u>(5,763)</u>	<u>11,899</u>
Cash and investments - ending	<u>\$ (10,123)</u>	<u>\$ 273,712</u>	<u>\$ 4,565</u>	<u>\$ 7,525</u>	<u>\$ 16,955</u>	<u>\$ (4,700)</u>	<u>\$ 3,131</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ (10,123)	\$ 273,712	\$ 4,565	\$ 7,525	\$ 16,955	\$ (4,700)	\$ 3,131
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ (10,123)</u>	<u>\$ 273,712</u>	<u>\$ 4,565</u>	<u>\$ 7,525</u>	<u>\$ 16,955</u>	<u>\$ (4,700)</u>	<u>\$ 3,131</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(10,123)	273,712	4,565	7,525	16,955	(4,700)	3,131
<b>Total cash and investment fund balance - ending</b>	<u>\$ (10,123)</u>	<u>\$ 273,712</u>	<u>\$ 4,565</u>	<u>\$ 7,525</u>	<u>\$ 16,955</u>	<u>\$ (4,700)</u>	<u>\$ 3,131</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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)

	Gifted Talented 05/06	Education Technology	Step Ahead	Non-English Speaking Programs	School Technology	Tech. Plan Buddy	Reading Is Fundamental
<b>Receipts:</b>							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 852
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	3,892	24,651	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	98,629	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>98,629</b>	<b>-</b>	<b>3,892</b>	<b>24,651</b>	<b>-</b>	<b>852</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	262	852
Support services	-	98,629	-	-	9,482	-	-
Community services	-	-	84	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>98,629</b>	<b>84</b>	<b>-</b>	<b>9,482</b>	<b>262</b>	<b>852</b>
Excess (deficiency) of receipts over disbursements	-	-	(84)	3,892	15,169	(262)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(84)	3,892	15,169	(262)	-
Cash and investments - beginning	-	145	84	912	55,918	262	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 145</u>	<u>\$ -</u>	<u>\$ 4,804</u>	<u>\$ 71,087</u>	<u>\$ -</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ 145	\$ -	\$ 4,804	\$ 71,087	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ 145</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,804</u></b>	<b><u>\$ 71,087</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	145	-	4,804	71,087	-	-
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ 145</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 4,804</u></b>	<b><u>\$ 71,087</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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)

	Mini Society	Staff Improvement	Staff Training	Mentor Certification	Title I FY 02/03	Title V Part A 04/05	Title V Part A 05/06
<b>Receipts:</b>							
Local sources	\$ -	\$ 238	\$ 1,987	\$ 7,576	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>238</b>	<b>1,987</b>	<b>7,576</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	-	-	-	-	-	-
Support services	73	-	2,295	10,690	-	1,138	9,333
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>73</b>	<b>-</b>	<b>2,295</b>	<b>10,690</b>	<b>-</b>	<b>1,138</b>	<b>9,333</b>
Excess (deficiency) of receipts over disbursements	(73)	238	(308)	(3,114)	-	(1,138)	(9,333)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(73)	238	(308)	(3,114)	-	(1,138)	(9,333)
Cash and investments - beginning	73	215	2,700	5,526	13	1,138	9,333
Cash and investments - ending	\$ -	\$ 453	\$ 2,392	\$ 2,412	\$ 13	\$ -	\$ -
<b><u>Cash and Investment Assets - Ending</u></b>							
Cash and investments	\$ -	\$ 453	\$ 2,392	\$ 2,412	\$ 13	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 453</b>	<b>\$ 2,392</b>	<b>\$ 2,412</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	453	2,392	2,412	13	-	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 453</b>	<b>\$ 2,392</b>	<b>\$ 2,412</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ -</b>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 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 Part A 06/07	Drug Free Schools	Improving Teacher Quality	Donation for Library Books	Retirement Service Bond	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 556,728	\$ 1,517,438
Intermediate sources	-	-	-	-	-	1,200
State sources	-	-	-	-	-	348,384
Federal sources	2,572	9,175	135,360	-	-	190,200
Bonds and loans	-	-	-	-	280,000	378,629
Sale of property, adjustments and refunds	-	-	-	-	-	2,955
<b>Total receipts</b>	<b>2,572</b>	<b>9,175</b>	<b>135,360</b>	<b>-</b>	<b>836,728</b>	<b>2,438,806</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	726,283
Support services	-	-	16,971	-	-	397,849
Community services	-	-	-	2	-	354,491
Debt services	-	-	-	-	847,831	847,831
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>16,971</b>	<b>2</b>	<b>847,831</b>	<b>2,326,454</b>
Excess (deficiency) of receipts over disbursements	2,572	9,175	118,389	(2)	(11,103)	112,352
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,572	9,175	118,389	(2)	(11,103)	112,352
Cash and investments - beginning	2,572	3,044	10,460	2	14,128	409,256
Cash and investments - ending	\$ 5,144	\$ 12,219	\$ 128,849	\$ -	\$ 3,025	\$ 521,608
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 5,144	\$ 12,219	\$ 128,849	\$ -	\$ -	\$ 518,583
Restricted assets:						
Cash and investments	-	-	-	-	3,025	3,025
<b>Total cash and investment assets - ending</b>	<b>\$ 5,144</b>	<b>\$ 12,219</b>	<b>\$ 128,849</b>	<b>\$ -</b>	<b>\$ 3,025</b>	<b>\$ 521,608</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 3,025	\$ 3,025
Unrestricted	5,144	12,219	128,849	-	-	518,583
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,144</b>	<b>\$ 12,219</b>	<b>\$ 128,849</b>	<b>\$ -</b>	<b>\$ 3,025</b>	<b>\$ 521,608</b>

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

	Community Education	Indiana Next	PHMS After School	Donation SMCF Pendleton Player	PHMS After School 06/07	Cape Grant	EDS Grant	Totals
Additions:								
Contributions:								
Other	\$ 12,118	\$ -	\$ -	\$ 5,110	\$ 5,000	\$ -	\$ -	\$ 22,228
Deductions:								
Administrative and general	12,012	-	1,216	-	-	39,816	1,076	54,120
Excess (deficiency) of total additions over total deductions	106	-	(1,216)	5,110	5,000	(39,816)	(1,076)	(31,892)
Cash and investment fund balance - beginning	12,954	611	1,216	-	-	187,037	1,500	203,318
Cash and investments - June 30	<u>\$ 13,060</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ 5,000</u>	<u>\$ 147,221</u>	<u>\$ 424</u>	<u>\$ 171,426</u>
Net assets:								
Cash and investments	\$ 13,060	\$ 611	\$ -	\$ 5,110	\$ 5,000	\$ 147,221	\$ 424	\$ 171,426
Total net assets - cash and investment basis held in trust	<u>\$ 13,060</u>	<u>\$ 611</u>	<u>\$ -</u>	<u>\$ 5,110</u>	<u>\$ 5,000</u>	<u>\$ 147,221</u>	<u>\$ 424</u>	<u>\$ 171,426</u>

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

	Charlies Fund For Children	Community Education	Indiana Next	Donation SMCF Pendleton Player	PHMS After School 06/07	Cape Grant	EDS Grant	Totals
Additions:								
Contributions:								
Other	\$ 5,000	\$ 4,661	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,661
Deductions:								
Administrative and general	563	4,071	484	-	-	9,190	424	14,732
Excess (deficiency) of total additions over total deductions	4,437	590	(484)	-	-	(9,190)	(424)	(5,071)
Cash and investment fund balance - beginning	-	13,060	611	5,110	5,000	147,221	424	171,426
Cash and investments - June 30	<u>\$ 4,437</u>	<u>\$ 13,650</u>	<u>\$ 127</u>	<u>\$ 5,110</u>	<u>\$ 5,000</u>	<u>\$ 138,031</u>	<u>\$ -</u>	<u>\$ 166,355</u>
Net assets:								
Cash and investments	\$ 4,437	\$ 13,650	\$ 127	\$ 5,110	\$ 5,000	\$ 138,031	\$ -	\$ 166,355
Total net assets - cash and investment basis held in trust	<u>\$ 4,437</u>	<u>\$ 13,650</u>	<u>\$ 127</u>	<u>\$ 5,110</u>	<u>\$ 5,000</u>	<u>\$ 138,031</u>	<u>\$ -</u>	<u>\$ 166,355</u>

# SOUTH MADISON



COMMUNITY SCHOOL CORPORATION

203 SOUTH HERITAGE WAY ♦ PENDLETON IN 46064 ♦ (765) 778-2152 ♦ (317) 485-4478 ♦ (765) 642-5661 ♦ (765) 778-8207-FAX

## BOARD OF SCHOOL TRUSTEES

Terry L. Auker  
Chris J. Boots  
Richard C. Evans  
Michael R. Gaskill  
Amy S. McGinnis  
Jon Trippeer  
Patricia A. Valentine

## ADMINISTRATION

Dr. Thomas E. Warmke  
*Superintendent*

Joseph A. Buck  
*Chief Financial Officer*

Sandra K. Hudson  
*Director of School  
Improvement*

Laura M. Miller  
*Director of Instruction and  
Staff Development*

Mark W. Matlock  
*Director of Support  
Services*

Todd E. Trehearne  
*Director of Information  
Technology*

## SOUTH MADISON COMMUNITY SCHOOL CORPORATION SCHEDULE OF CAPITAL ASSETS JUNE 30, 2008

Buildings	\$91,977,087
Improvements Other than Buildings	\$ 1,931,514
Land	\$14,148,126
Machinery and Equipment	\$ 7,713,736
Construction in Progress	<u>\$34,500,000</u>
Grand Total	\$150,270,463

WEBSITE  
[www.smadison.k12.in.us](http://www.smadison.k12.in.us)

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF DEBT  
For The Year Ended June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2001 Maple Ridge Elementary Lease	\$ 11,045,000	\$ 1,492,016
2006 Multi School Renovation Lease	25,130,000.00	1,867,000.00
2008 New Middle School Lease	33,965,000.00	815,000.00
2005 Lease for 2006 Flner/Thomas Bus	8,611.00	8,769.00
2005 Lease for 2006 International Bus	20,010.00	20,557.00
2005 Bluebird School Bus	14,475.00	14,871.00
2006 Ford Collins School Bus	24,917.00	13,095.00
2006 lease for three 2007 School Buses	124,349.00	67,667.00
Lease of Office Furniture	32,453.00	33,408.00
Notes and loans payable		
Common School Loans:		
1998 PHHS - A0417	10,682,506.00	978,055.00
1992 Pendleton Elementary - A0316	262,500.00	87,187.00
2006 Technology Advance - A1127	58,573.00	23,956.00
2007 Technology Advance - A1190	65,151.00	19,220.00
2008 Technology Advance - A1243	82,191.00	83,424.00
Veteran's Memorial-Pendleton Elementary	10,200.00	3,502.00
Bonds payable:		
General obligation bonds:		
G.O. Bond School Pension Bonds 2002	965,000	417,063
G.O. Bond School Pension Bonds 2006	335,000	147,347
G.O. Bond 2006 - Purchase of land (MS)	1,535,000	214,311
G.O. Bond 2006 - Bus Lot/Fueling Station	455,000	88,081
Tax Anticipation Warrant		
2008 Temporary Loan	<u>5,000,000</u>	<u>5,044,792</u>
Total governmental activities debt	<u>\$ 89,815,936</u>	<u>\$ 11,439,321</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

EXCESSIVE OR UNREASONABLE COSTS (Applies to East Elementary, Pendleton Elementary, Pendleton Heights Middle School, Pendleton Heights High School)

East Elementary School made a \$300 purchase from the Investment Income (Interest) Fund during the 2007-2008 school year for thirty (30) chair massages. An e-mail attached to the claim for documentation stated that the massages would be for "a drawing . . . for teacher appreciation week".

Pendleton Elementary School made purchases totaling \$240 in 2006-2007 and \$920 in 2007-2008 for massages. Per the claims, these purchases were for Teacher Appreciation Week and staff birthday gifts.

Pendleton Heights Middle School made purchases totaling \$1,463 in 2006-2007 and \$4,055 in 2007-2008 for gifts for "Teacher Appreciation Week" and Christmas.

Pendleton Heights High School made purchases totaling \$477 in 2006-2007 for teachers and staff. This expense was for flowers, and gifts. In 2007-2008, the amount expended for teachers and staff increased to \$1,355. This money was spent for gifts and flowers, saline solution, and digital cameras. There was also a cash advance made in the amount of \$319 which was repaid 22 days later.

Every effort should be made by the governmental unit to avoid unreasonable or excessive costs. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

IC 20-41-1-9 concerning the school extra-curricular account provides in part (b) and (c):

"(b) The money in the school extra-curricular account may be invested under the conditions specified in IC 5-13-10 and IC 5-13-10.5 for investment of state money. However, investments under this section are at the discretion of the principal. The interest earned from any investment may be credited to the school extra-curricular account and need not be credited proportionately to each separate extra-curricular fund. The interest earned from the investment may be used for any of the following:

- (1) any school purpose approved by the principal
- (2) an extra-curricular purpose approved by the principal.

(c) Amounts expended under this section for the purposes described in this section are in addition to the appropriation under IC 20-26-5-4(3)."

INVESTMENTS POSTED INCORRECTLY (Applies to Pendleton Elementary School)

An investment was purchased during 2006-2007 with \$8,000 being taken from the Text Book Fund and \$3,000 being taken from the Yearbook Fund. When the investment matured, rather than the \$8,000 principal being returned to the Text Book Fund and the \$3,000 principal being returned to the Yearbook Fund, the entire \$11,000 was receipted into the Interest Fund. All interest earned on these investments was receipted to the Interest Fund.

The following is an example of recording an investment transaction made from a specific fund (for example – athletic). Disburse the cost (purchase price) of the investment from the athletic fund and from the Control of All Funds. On the Register of Investments, General Form No. 350, identified with the athletic fund, record the purchase price (cost).

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

If interest is received while the security is held by the school, record the amount received on General Form Number 350 on the same line as that on which the investment is recorded; also receipt the interest received to the athletic fund and to the Control of All Funds.

When the investment is sold or matures, receipt the sale price to the athletic fund and to the Control of All Funds. Earnings from Investments would be receipted either to the athletic fund or to the investment income fund as might be provided by school board policy. Record the sale (purchase price) on the Register of Investments – Athletic Fund (General Form 350) on the same line as the purchase was recorded. Investments from other "Fund" accounts will be accounted for in the same manner as illustrated for the athletic fund. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 5)

BANK ACCOUNT RECONCILIATIONS (Applies to Pendleton Elementary School)

Depository reconciliations of the fund balances to the bank account balances were incomplete and incorrect after October 2007. There were numerous transactions that occurred after October 2007 in the Savings Account that have not been posted. There was a change in extra-curricular Treasurers and the incoming extra-curricular Treasurer did not have access to the Savings Account Statements. The missing statements have recently been obtained by the school.

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

OFFICIAL BONDS

The School Corporation Treasurer, Assistant Treasurer, and Food Service Director were each separately bonded for \$100,000, \$75,000, and \$75,000 respectively. Various other employees whom handle money were insured through a \$10,000 blanket bond. These employees include the Cafeteria Managers, Assistant Cafeteria Managers, and Extra-Curricular Treasurers (among others).

None of the bonds were recorded in the County Recorder's Office.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

OVERDRAWN CASH BALANCES

The cash balance of the General Fund, Transportation Operating Fund, Capital Projects Fund, and School Bus Replacement Fund, was overdrawn in 2007 and/or 2008.

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)

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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  
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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 SOUTH MADISON COMMUNITY  
SCHOOL CORPORATION, MADISON COUNTY, INDIANA

Compliance

We have audited the compliance of the South Madison Community School Corporation (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

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)

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.

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.

This report is intended solely for the information and use of the School Corporation's management, board of school trustees, 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

May 20, 2009

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
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>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 58,452	\$ 65,706
National School Lunch Program	10.555		<u>448,130</u>	<u>483,214</u>
Total for cluster			<u>506,582</u>	<u>548,920</u>
Total for federal grantor agency			<u>506,582</u>	<u>548,920</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186	5255-06	<u>527</u>	<u>-</u>
State Grants for Innovative Programs	84.298	06-5255 07-5255	4,387	1,138
			<u>728</u>	<u>9,333</u>
Total for program			<u>5,115</u>	<u>10,471</u>
Improving Teacher Quality State Grants	84.367	06-5255	<u>32,689</u>	<u>16,971</u>
Total for federal grantor agency			<u>38,331</u>	<u>27,442</u>
Total federal awards expended			<u>\$ 544,913</u>	<u>\$ 576,362</u>

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the South Madison Community School Corporation (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.

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 10,813	\$ 8,187
National School Lunch Program	10.555	83,630	60,675

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
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?	no
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
----------------	------------------------------------

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 20, 2009, with Dr. Thomas E. Warmke, Superintendent of Schools; Penny G. Myers, Treasurer; and Joe Buck, Chief Financial Officer.