

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MADISON-GRANT UNITED SCHOOL CORPORATION
GRANT COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
01/28/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca S. Monroe	07-01-11 to 06-30-14
Superintendent of Schools	John D. Trout	07-01-11 to 06-30-14
President of the School Board	Michael K. Solms Carl L. Chambers	07-01-11 to 08-31-11 09-01-11 to 06-30-14



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MADISON-GRANT UNITED
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated December 23, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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



Paul D. Joyce, CPA
State Examiner

December 23, 2013



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

TO: THE OFFICIALS OF THE MADISON-GRANT UNITED
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Madison-Grant United School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated December 23, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2013-1.

Madison-Grant United School Corporation's Response to Finding

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 23, 2013

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FINANCIAL STATEMENT

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

MADISON-GRANT UNITED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
General	\$ 2,721,590	\$ 8,845,443	\$ 8,991,202	\$ -	\$ 2,575,831	\$ 8,615,009	\$ 9,159,437	\$ 945	\$ 2,032,348
Debt Service	526,048	1,101,091	1,058,000	(7,300)	561,839	965,634	1,125,000	(10,233)	392,240
Retirement/Severance Bond Debt Service	126,715	348,657	323,827	-	151,545	349,844	323,439	-	177,950
Capital Projects	733,681	1,086,103	1,077,083	-	742,701	1,132,022	1,313,195	-	561,528
School Transportation	535,711	739,422	775,633	(30,000)	469,500	760,976	738,439	(50,000)	442,037
School Bus Replacement	122,180	183,045	118,645	-	186,580	192,368	236,908	-	142,040
Rainy Day	286,173	2,321	-	30,000	318,494	2,119	-	50,000	370,613
Construction	-	-	-	-	-	-	-	100,000	100,000
School Lunch	134,923	658,339	594,955	-	198,307	621,376	612,330	-	207,353
Textbook Rental	67,610	136,033	201,929	7,300	9,014	128,307	137,829	10,233	9,725
Educational License Plates	1,175	563	-	-	1,738	413	-	-	2,151
Alternative Education	-	-	-	-	-	14,448	8,750	-	5,698
Round Robins Award - Liberty	315	-	-	-	315	-	-	-	315
Liberty Community Foundation	22	-	-	-	22	-	-	-	22
Park Community Foundation	99	428	204	-	323	221	419	-	125
Park Donations - Boren	-	7,974	974	-	7,000	-	6,096	-	904
Summitville Community Foundation	239	-	-	-	239	228	452	-	15
Summitville Psi Iota Xi Award	257	1,000	257	-	1,000	-	783	-	217
Summitville Wal-Mart Award	1,000	-	-	-	1,000	-	1,000	-	-
Summitville Fisher Body Award	61	-	-	-	61	-	61	-	-
Summitville Playground Equipment	1,500	5,000	-	-	6,500	10,000	16,500	-	-
Jr. High Community Foundation	20	1,203	1,220	-	3	500	500	-	3
Jr. High Dollar General Literacy	-	-	-	-	-	3,000	1,222	-	1,778
Boren Foundation Donation	1,229	-	-	-	1,229	-	-	-	1,229
Round Robins - HS Donation	500	-	500	-	-	-	-	-	-
Boren Foundation - Corp Grant	22,193	47,500	58,178	-	11,515	50,000	55,701	-	5,814
Monsanto Fund - Corp Grant	-	-	-	-	-	2,500	-	-	2,500
Central Indiana Ethanol Donation	20,000	-	17,820	-	2,180	200	2,180	-	200
Galey Scholarship	9,918	-	800	-	9,118	89	800	-	8,407
Harold M. Dick Scholarship	10,000	155	-	-	10,155	100	100	-	10,155
Robert Huff Scholarship	2,654	272	-	-	2,926	17	500	-	2,443
Janice Phipps Scholarship	1,079	7	250	-	836	4	500	-	340
Rollins - Paul Scholarship	2,811	2,023	1,000	-	3,834	18	1,000	-	2,852
Scholarship - Family/Consumer Science	1,688	-	300	-	1,388	-	300	-	1,088

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

MADISON-GRANT UNITED SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013
(Continued)

	Cash and Investments 07-01-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13
Hazelbaker Foundation	26	65,026	65,026	-	26	58,566	58,566	-	26
Wellness Grant - USDA Grant	130	-	-	-	130	-	-	-	130
Wellness Grant - NC INS Consortium	7,106	12,875	6,784	-	13,197	12,906	15,396	-	10,707
Indiana Next Grant	1,543	-	1,542	-	1	-	-	-	1
High Ability Grant 2010-2011	8,627	-	8,627	-	-	-	-	-	-
High Ability Grant 2011-2012	-	30,021	17,986	-	12,035	-	12,035	-	-
High Ability Grant 2012-2013	-	-	-	-	-	29,606	23,989	-	5,617
Non-English Speaking Programs	1,440	-	-	-	1,440	-	283	-	1,157
School Technology Connectivity	2,045	4,932	5,092	-	1,885	5,013	5,077	-	1,821
Latch Key	26,772	17,285	17,828	-	26,229	15,157	17,314	-	24,072
School Lunch Banquet	369	827	680	-	516	1,324	1,310	-	530
Summitville - College Access Grant	-	-	-	-	-	1,000	-	-	1,000
Cape Consortium	62	-	-	-	62	-	-	-	62
Title I - 2010-2011	28,963	-	28,963	-	-	-	-	-	-
Title I - 2011-2012	-	231,221	279,836	-	(48,615)	99,593	50,978	-	-
Title I - 2012-2013	-	-	-	-	-	179,310	227,302	-	(47,992)
IDEA	-	62,005	62,005	-	-	-	-	-	-
Special Education Improvement Grant	-	-	-	-	-	56,674	62,225	-	(5,551)
PL 108 2010-2011	78,183	-	78,183	-	-	-	-	-	-
PL 108 2011-2012	-	211,782	246,063	-	(34,281)	92,946	58,665	-	-
PL 108 2012-2013	-	-	-	-	-	209,477	265,149	-	(55,672)
Class Size Reduction	-	46,445	52,933	-	(6,488)	44,453	44,786	-	(6,821)
Title II - Part A 2010-2011	3,511	-	3,511	-	-	-	-	-	-
Enhanced Education Through Technology, Title II - Part D	1,068	-	1,068	-	-	-	-	-	-
Rural Schools and Low Income Program	(16,675)	87,051	75,657	-	(5,281)	7,662	2,381	-	-
Stimulus Title I - Grants to LEAs	18,640	153,740	172,380	-	-	-	-	-	-
Stimulus Special Education - Part B	(23,379)	51,457	28,078	-	-	-	-	-	-
Education Jobs	-	286,062	286,062	-	-	4,654	4,654	-	-
Prepaid Food	8,379	32,386	26,711	-	14,054	29,363	34,867	-	8,549
Payroll Clearing	42,221	2,208,212	2,193,935	-	56,498	2,295,515	2,315,995	-	36,018
Totals	\$ 5,520,422	\$ 16,667,906	\$ 16,881,727	\$ -	\$ 5,306,601	\$ 15,992,612	\$ 16,944,413	\$ 100,945	\$ 4,455,744

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Cash Balance Deficits

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Restatements

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

Fund Name	Balance as of June 30, 2011	New Fund	Balance as of July 1, 2011
Prepaid Food	\$ -	\$ 8,379	\$ 8,379
Payroll Clearing	-	42,221	42,221
Totals	<u>\$ -</u>	<u>\$ 50,600</u>	<u>\$ 50,600</u>

Note 9. Holding Corporations

The School Corporation has entered into capital leases with Madison-Grant Multi-School Building Corporation and Madison-Grant School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years 2012 and 2013 totaled \$1,058,000 and \$1,125,000, respectively.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The supplementary information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 2,721,590	\$ 526,048	\$ 126,715	\$ 733,681	\$ 535,711	\$ 122,180	\$ 286,173	\$ -	\$ 134,923
Receipts:									
Local sources	58,610	1,101,091	348,657	1,085,953	739,268	183,045	2,321	-	302,438
Intermediate sources	5,210	-	-	-	-	-	-	-	-
State sources	8,764,792	-	-	-	-	-	-	-	7,567
Federal sources	-	-	-	-	-	-	-	-	351,167
Interfund loans	14,672	-	-	-	-	-	-	-	-
Other	2,159	-	-	150	154	-	-	-	(2,833)
Total receipts	<u>8,845,443</u>	<u>1,101,091</u>	<u>348,657</u>	<u>1,086,103</u>	<u>739,422</u>	<u>183,045</u>	<u>2,321</u>	<u>-</u>	<u>658,339</u>
Disbursements:									
Current:									
Instruction	4,795,505	-	-	-	-	-	-	-	-
Support services	4,132,873	-	-	561,968	775,633	118,645	-	-	44,863
Noninstructional services	-	-	-	-	-	-	-	-	550,092
Facilities acquisition and construction	48,158	-	-	515,115	-	-	-	-	-
Debt services	-	1,058,000	323,827	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	14,666	-	-	-	-	-	-	-	-
Total disbursements	<u>8,991,202</u>	<u>1,058,000</u>	<u>323,827</u>	<u>1,077,083</u>	<u>775,633</u>	<u>118,645</u>	<u>-</u>	<u>-</u>	<u>594,955</u>
Excess (deficiency) of receipts over disbursements	<u>(145,759)</u>	<u>43,091</u>	<u>24,830</u>	<u>9,020</u>	<u>(36,211)</u>	<u>64,400</u>	<u>2,321</u>	<u>-</u>	<u>63,384</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	30,000	-	-
Transfers out	-	(7,300)	-	-	(30,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(7,300)</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>30,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(145,759)</u>	<u>35,791</u>	<u>24,830</u>	<u>9,020</u>	<u>(66,211)</u>	<u>64,400</u>	<u>32,321</u>	<u>-</u>	<u>63,384</u>
Cash and investments - ending	<u>\$ 2,575,831</u>	<u>\$ 561,839</u>	<u>\$ 151,545</u>	<u>\$ 742,701</u>	<u>\$ 469,500</u>	<u>\$ 186,580</u>	<u>\$ 318,494</u>	<u>\$ -</u>	<u>\$ 198,307</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Educational License Plates	Alternative Education	Round Robins Award - Liberty	Liberty Community Foundation	Park Community Foundation	Park Donations - Boren	Summitville Community Foundation
Cash and investments - beginning	\$ 67,610	\$ 1,175	\$ -	\$ 315	\$ 22	\$ 99	\$ -	\$ 239
Receipts:								
Local sources	82,817	-	-	-	-	-	-	-
Intermediate sources	-	563	-	-	-	-	-	-
State sources	50,471	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	2,745	-	-	-	-	428	7,974	-
Total receipts	136,033	563	-	-	-	428	7,974	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	201,929	-	-	-	-	204	974	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	201,929	-	-	-	-	204	974	-
Excess (deficiency) of receipts over disbursements	(65,896)	563	-	-	-	224	7,000	-
Other financing sources (uses):								
Transfers in	7,300	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,300	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,596)	563	-	-	-	224	7,000	-
Cash and investments - ending	\$ 9,014	\$ 1,738	\$ -	\$ 315	\$ 22	\$ 323	\$ 7,000	\$ 239

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Summitville Psi Iota Xi Award	Summitville Wal-Mart Award	Summitville Fisher Body Award	Summitville Playground Equipment	Jr. High Community Foundation	Jr. High Dollar General Literacy	Boren Foundation Donation	Round Robins - HS Donation
Cash and investments - beginning	\$ 257	\$ 1,000	\$ 61	\$ 1,500	\$ 20	\$ -	\$ 1,229	\$ 500
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	1,000	-	-	5,000	1,203	-	-	-
Total receipts	1,000	-	-	5,000	1,203	-	-	-
Disbursements:								
Current:								
Instruction	257	-	-	-	1,220	-	-	500
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	257	-	-	-	1,220	-	-	500
Excess (deficiency) of receipts over disbursements	743	-	-	5,000	(17)	-	-	(500)
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	743	-	-	5,000	(17)	-	-	(500)
Cash and investments - ending	\$ 1,000	\$ 1,000	\$ 61	\$ 6,500	\$ 3	\$ -	\$ 1,229	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Boren Foundation - Corp Grant	Monsanto Fund - Corp Grant	Central Indiana Ethanol Donation	Galey Scholarship	Harold M. Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship	Rollins - Paul Scholarship
Cash and investments - beginning	\$ 22,193	\$ -	\$ 20,000	\$ 9,918	\$ 10,000	\$ 2,654	\$ 1,079	\$ 2,811
Receipts:								
Local sources	-	-	-	-	155	22	7	23
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	47,500	-	-	-	-	250	-	2,000
Total receipts	47,500	-	-	-	155	272	7	2,023
Disbursements:								
Current:								
Instruction	4,000	-	-	-	-	-	-	-
Support services	54,178	-	17,820	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	800	-	-	250	1,000
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	58,178	-	17,820	800	-	-	250	1,000
Excess (deficiency) of receipts over disbursements	(10,678)	-	(17,820)	(800)	155	272	(243)	1,023
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	(10,678)	-	(17,820)	(800)	155	272	(243)	1,023
Cash and investments - ending	\$ 11,515	\$ -	\$ 2,180	\$ 9,118	\$ 10,155	\$ 2,926	\$ 836	\$ 3,834

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Scholarship - Family/ Consumer Science	Hazelbaker Foundation	Wellness Grant - USDA Grant	Wellness Grant - NC INS Consortium	Indiana Next Grant	High Ability Grant 2010-2011	High Ability Grant 2011-2012	High Ability Grant 2012-2013
Cash and investments - beginning	\$ 1,688	\$ 26	\$ 130	\$ 7,106	\$ 1,543	\$ 8,627	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	30,021	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	65,026	-	12,875	-	-	-	-
Total receipts	-	65,026	-	12,875	-	-	30,021	-
Disbursements:								
Current:								
Instruction	-	-	-	4,676	1,542	8,378	14,341	-
Support services	-	-	-	420	-	249	3,645	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,688	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	300	65,026	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	300	65,026	-	6,784	1,542	8,627	17,986	-
Excess (deficiency) of receipts over disbursements	(300)	-	-	6,091	(1,542)	(8,627)	12,035	-
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	(300)	-	-	6,091	(1,542)	(8,627)	12,035	-
Cash and investments - ending	\$ 1,388	\$ 26	\$ 130	\$ 13,197	\$ 1	\$ -	\$ 12,035	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Non-English Speaking Programs	School Technology Connectivity	Latch Key	School Lunch Banquet	Summitville - College Access Grant	Cape Consortium	Title I - 2010-2011	Title I - 2011-2012
Cash and investments - beginning	\$ 1,440	\$ 2,045	\$ 26,772	\$ 369	\$ -	\$ 62	\$ 28,963	\$ -
Receipts:								
Local sources	-	-	17,285	827	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	4,932	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	231,221
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	4,932	17,285	827	-	-	-	231,221
Disbursements:								
Current:								
Instruction	-	-	14,254	-	-	-	20,379	238,095
Support services	-	5,092	1,372	105	-	-	8,584	39,413
Noninstructional services	-	-	2,202	575	-	-	-	2,328
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	5,092	17,828	680	-	-	28,963	279,836
Excess (deficiency) of receipts over disbursements	-	(160)	(543)	147	-	-	(28,963)	(48,615)
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	-	(160)	(543)	147	-	-	(28,963)	(48,615)
Cash and investments - ending	\$ 1,440	\$ 1,885	\$ 26,229	\$ 516	\$ -	\$ 62	\$ -	\$ (48,615)

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I - 2012-2013	IDEA	Special Education Improvement Grant	PL 108 2010-2011	PL 108 2011-2012	PL 108 2012-2013	Class Size Reduction	Title II - Part A 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 78,183	\$ -	\$ -	\$ -	\$ 3,511
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	62,005	-	-	211,782	-	31,773	-
Interfund loans	-	-	-	-	-	-	14,672	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	62,005	-	-	211,782	-	46,445	-
Disbursements:								
Current:								
Instruction	-	62,005	-	57,442	142,167	-	26,755	1,184
Support services	-	-	-	20,741	103,896	-	11,506	2,327
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	14,672	-
Total disbursements	-	62,005	-	78,183	246,063	-	52,933	3,511
Excess (deficiency) of receipts over disbursements	-	-	-	(78,183)	(34,281)	-	(6,488)	(3,511)
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	-	-	-	(78,183)	(34,281)	-	(6,488)	(3,511)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (34,281)	\$ -	\$ (6,488)	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Enhanced Education Through Technology, Title II - Part D	Rural Schools and Low Income Program	Stimulus Title I - Grants to LEAs	Stimulus Special Education - Part B	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ 1,068	\$ (16,675)	\$ 18,640	\$ (23,379)	\$ -	\$ 8,379	\$ 42,221	\$ 5,520,422
Receipts:								
Local sources	-	-	-	-	-	-	-	3,922,519
Intermediate sources	-	-	-	-	-	-	-	5,773
State sources	-	-	-	-	-	-	-	8,857,783
Federal sources	-	87,051	153,740	51,457	286,062	-	-	1,466,258
Interfund loans	-	-	-	-	-	-	-	29,344
Other	-	-	-	-	-	32,386	2,208,212	2,386,229
Total receipts	-	87,051	153,740	51,457	286,062	32,386	2,208,212	16,667,906
Disbursements:								
Current:								
Instruction	-	-	168,723	2,362	-	-	-	5,563,785
Support services	1,068	2,941	-	-	286,062	-	-	6,396,508
Noninstructional services	-	-	3,657	-	-	-	-	558,854
Facilities acquisition and construction	-	72,716	-	23,216	-	-	-	660,893
Debt services	-	-	-	-	-	-	-	1,381,827
Nonprogrammed charges	-	-	-	2,500	-	26,711	2,193,935	2,290,522
Interfund loans	-	-	-	-	-	-	-	29,338
Total disbursements	1,068	75,657	172,380	28,078	286,062	26,711	2,193,935	16,881,727
Excess (deficiency) of receipts over disbursements	(1,068)	11,394	(18,640)	23,379	-	5,675	14,277	(213,821)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	37,300
Transfers out	-	-	-	-	-	-	-	(37,300)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,068)	11,394	(18,640)	23,379	-	5,675	14,277	(213,821)
Cash and investments - ending	\$ -	\$ (5,281)	\$ -	\$ -	\$ -	\$ 14,054	\$ 56,498	\$ 5,306,601

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 2,575,831	\$ 561,839	\$ 151,545	\$ 742,701	\$ 469,500	\$ 186,580	\$ 318,494	\$ -	\$ 198,307
Receipts:									
Local sources	92,996	965,634	349,844	1,132,022	760,936	192,368	2,119	-	283,247
Intermediate sources	11	-	-	-	-	-	-	-	-
State sources	8,519,364	-	-	-	-	-	-	-	7,143
Federal sources	-	-	-	-	-	-	-	-	324,220
Interfund loans	2,059	-	-	-	-	-	-	-	-
Other	579	-	-	-	40	-	-	-	6,766
Total receipts	<u>8,615,009</u>	<u>965,634</u>	<u>349,844</u>	<u>1,132,022</u>	<u>760,976</u>	<u>192,368</u>	<u>2,119</u>	<u>-</u>	<u>621,376</u>
Disbursements:									
Current:									
Instruction	4,684,236	-	-	-	-	-	-	-	-
Support services	4,407,115	-	-	742,572	738,439	236,908	-	-	42,233
Noninstructional services	-	-	-	-	-	-	-	-	570,097
Facilities acquisition and construction	66,027	-	-	570,623	-	-	-	-	-
Debt services	-	1,125,000	323,439	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	2,059	-	-	-	-	-	-	-	-
Total disbursements	<u>9,159,437</u>	<u>1,125,000</u>	<u>323,439</u>	<u>1,313,195</u>	<u>738,439</u>	<u>236,908</u>	<u>-</u>	<u>-</u>	<u>612,330</u>
Excess (deficiency) of receipts over disbursements	<u>(544,428)</u>	<u>(159,366)</u>	<u>26,405</u>	<u>(181,173)</u>	<u>22,537</u>	<u>(44,540)</u>	<u>2,119</u>	<u>-</u>	<u>9,046</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	100,000	-
Sale of capital assets	945	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	50,000	-	-
Transfers out	-	(10,233)	-	-	(50,000)	-	-	-	-
Total other financing sources (uses)	<u>945</u>	<u>(10,233)</u>	<u>-</u>	<u>-</u>	<u>(50,000)</u>	<u>-</u>	<u>50,000</u>	<u>100,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(543,483)</u>	<u>(169,599)</u>	<u>26,405</u>	<u>(181,173)</u>	<u>(27,463)</u>	<u>(44,540)</u>	<u>52,119</u>	<u>100,000</u>	<u>9,046</u>
Cash and investments - ending	<u>\$ 2,032,348</u>	<u>\$ 392,240</u>	<u>\$ 177,950</u>	<u>\$ 561,528</u>	<u>\$ 442,037</u>	<u>\$ 142,040</u>	<u>\$ 370,613</u>	<u>\$ 100,000</u>	<u>\$ 207,353</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Educational License Plates	Alternative Education	Round Robins Award - Liberty	Liberty Community Foundation	Park Community Foundation	Park Donations - Boren	Summitville Community Foundation
Cash and investments - beginning	\$ 9,014	\$ 1,738	\$ -	\$ 315	\$ 22	\$ 323	\$ 7,000	\$ 239
Receipts:								
Local sources	79,029	-	-	-	-	-	-	-
Intermediate sources	-	413	-	-	-	-	-	-
State sources	48,742	-	14,448	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	536	-	-	-	-	221	-	228
Total receipts	<u>128,307</u>	<u>413</u>	<u>14,448</u>	<u>-</u>	<u>-</u>	<u>221</u>	<u>-</u>	<u>228</u>
Disbursements:								
Current:								
Instruction	-	-	8,750	-	-	419	1,918	452
Support services	137,829	-	-	-	-	-	4,178	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>137,829</u>	<u>-</u>	<u>8,750</u>	<u>-</u>	<u>-</u>	<u>419</u>	<u>6,096</u>	<u>452</u>
Excess (deficiency) of receipts over disbursements	<u>(9,522)</u>	<u>413</u>	<u>5,698</u>	<u>-</u>	<u>-</u>	<u>(198)</u>	<u>(6,096)</u>	<u>(224)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	10,233	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>10,233</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>711</u>	<u>413</u>	<u>5,698</u>	<u>-</u>	<u>-</u>	<u>(198)</u>	<u>(6,096)</u>	<u>(224)</u>
Cash and investments - ending	<u>\$ 9,725</u>	<u>\$ 2,151</u>	<u>\$ 5,698</u>	<u>\$ 315</u>	<u>\$ 22</u>	<u>\$ 125</u>	<u>\$ 904</u>	<u>\$ 15</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Summitville Psi Iota Xi Award	Summitville Wal-Mart Award	Summitville Fisher Body Award	Summitville Playground Equipment	Jr. High Community Foundation	Jr. High Dollar General Literacy	Boren Foundation Donation	Round Robins - HS Donation
Cash and investments - beginning	\$ 1,000	\$ 1,000	\$ 61	\$ 6,500	\$ 3	\$ -	\$ 1,229	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	10,000	500	3,000	-	-
Total receipts	-	-	-	10,000	500	3,000	-	-
Disbursements:								
Current:								
Instruction	783	1,000	61	16,500	500	1,222	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	783	1,000	61	16,500	500	1,222	-	-
Excess (deficiency) of receipts over disbursements	(783)	(1,000)	(61)	(6,500)	-	1,778	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(783)	(1,000)	(61)	(6,500)	-	1,778	-	-
Cash and investments - ending	\$ 217	\$ -	\$ -	\$ -	\$ 3	\$ 1,778	\$ 1,229	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Boren Foundation - Corp Grant	Monsanto Fund - Corp Grant	Central Indiana Ethanol Donation	Galey Scholarship	Harold M. Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship	Rollins - Paul Scholarship
Cash and investments - beginning	\$ 11,515	\$ -	\$ 2,180	\$ 9,118	\$ 10,155	\$ 2,926	\$ 836	\$ 3,834
Receipts:								
Local sources	-	-	-	89	100	17	4	18
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	50,000	2,500	200	-	-	-	-	-
Total receipts	50,000	2,500	200	89	100	17	4	18
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	55,701	-	2,180	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	800	100	500	500	1,000
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	55,701	-	2,180	800	100	500	500	1,000
Excess (deficiency) of receipts over disbursements	(5,701)	2,500	(1,980)	(711)	-	(483)	(496)	(982)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,701)	2,500	(1,980)	(711)	-	(483)	(496)	(982)
Cash and investments - ending	\$ 5,814	\$ 2,500	\$ 200	\$ 8,407	\$ 10,155	\$ 2,443	\$ 340	\$ 2,852

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Scholarship - Family/ Consumer Science	Hazelbaker Foundation	Wellness Grant - USDA Grant	Wellness Grant - NC INS Consortium	Indiana Next Grant	High Ability Grant 2010-2011	High Ability Grant 2011-2012	High Ability Grant 2012-2013
Cash and investments - beginning	\$ 1,388	\$ 26	\$ 130	\$ 13,197	\$ 1	\$ -	\$ 12,035	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	29,606
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	58,566	-	12,906	-	-	-	-
Total receipts	-	58,566	-	12,906	-	-	-	29,606
Disbursements:								
Current:								
Instruction	-	-	-	6,362	-	-	6,702	17,587
Support services	-	-	-	6,226	-	-	5,333	6,402
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	2,808	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	300	58,566	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	300	58,566	-	15,396	-	-	12,035	23,989
Excess (deficiency) of receipts over disbursements	(300)	-	-	(2,490)	-	-	(12,035)	5,617
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(300)	-	-	(2,490)	-	-	(12,035)	5,617
Cash and investments - ending	\$ 1,088	\$ 26	\$ 130	\$ 10,707	\$ 1	\$ -	\$ -	\$ 5,617

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking Programs	School Technology Connectivity	Latch Key	School Lunch Banquet	Summitville - College Access Grant	Cape Consortium	Title I - 2010-2011	Title I - 2011-2012
Cash and investments - beginning	\$ 1,440	\$ 1,885	\$ 26,229	\$ 516	\$ -	\$ 62	\$ -	\$ (48,615)
Receipts:								
Local sources	-	-	15,157	1,324	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	5,013	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	99,593
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	1,000	-	-	-
Total receipts	-	5,013	15,157	1,324	1,000	-	-	99,593
Disbursements:								
Current:								
Instruction	263	-	14,422	-	-	-	-	44,362
Support services	20	5,077	1,077	178	-	-	-	6,548
Noninstructional services	-	-	1,815	1,132	-	-	-	68
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	283	5,077	17,314	1,310	-	-	-	50,978
Excess (deficiency) of receipts over disbursements	(283)	(64)	(2,157)	14	1,000	-	-	48,615
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(283)	(64)	(2,157)	14	1,000	-	-	48,615
Cash and investments - ending	\$ 1,157	\$ 1,821	\$ 24,072	\$ 530	\$ 1,000	\$ 62	\$ -	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I - 2012-2013	IDEA	Special Education Improvement Grant	PL 108 2010-2011	PL 108 2011-2012	PL 108 2012-2013	Class Size Reduction	Title II - Part A 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (34,281)	\$ -	\$ (6,488)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	177,251	-	56,674	-	92,946	209,477	44,453	-
Interfund loans	2,059	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	179,310	-	56,674	-	92,946	209,477	44,453	-
Disbursements:								
Current:								
Instruction	203,494	-	-	-	34,945	156,901	33,237	-
Support services	21,749	-	60,927	-	23,720	108,248	11,549	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,298	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	2,059	-	-	-	-	-	-	-
Total disbursements	227,302	-	62,225	-	58,665	265,149	44,786	-
Excess (deficiency) of receipts over disbursements	(47,992)	-	(5,551)	-	34,281	(55,672)	(333)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(47,992)	-	(5,551)	-	34,281	(55,672)	(333)	-
Cash and investments - ending	\$ (47,992)	\$ -	\$ (5,551)	\$ -	\$ -	\$ (55,672)	\$ (6,821)	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Enhanced Education Through Technology, Title II - Part D	Rural Schools and Low Income Program	Stimulus Title I - Grants to LEAs	Stimulus Special Education - Part B	Education Jobs	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (5,281)	\$ -	\$ -	\$ -	\$ 14,054	\$ 56,498	\$ 5,306,601
Receipts:								
Local sources	-	-	-	-	-	-	-	3,874,904
Intermediate sources	-	-	-	-	-	-	-	424
State sources	-	-	-	-	-	-	-	8,624,316
Federal sources	-	7,662	-	-	4,654	-	-	1,016,930
Interfund loans	-	-	-	-	-	-	-	4,118
Other	-	-	-	-	-	29,363	2,295,515	2,471,920
Total receipts	-	7,662	-	-	4,654	29,363	2,295,515	15,992,612
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	5,234,116
Support services	-	-	-	-	4,654	-	-	6,628,863
Noninstructional services	-	-	-	-	-	-	-	573,112
Facilities acquisition and construction	-	2,381	-	-	-	-	-	643,137
Debt services	-	-	-	-	-	-	-	1,448,439
Nonprogrammed charges	-	-	-	-	-	34,867	2,315,995	2,412,628
Interfund loans	-	-	-	-	-	-	-	4,118
Total disbursements	-	2,381	-	-	4,654	34,867	2,315,995	16,944,413
Excess (deficiency) of receipts over disbursements	-	5,281	-	-	-	(5,505)	(20,480)	(951,802)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	100,000
Sale of capital assets	-	-	-	-	-	-	-	945
Transfers in	-	-	-	-	-	-	-	60,233
Transfers out	-	-	-	-	-	-	-	(60,233)
Total other financing sources (uses)	-	-	-	-	-	-	-	100,945
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,281	-	-	-	(5,505)	(20,480)	(850,857)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,549	\$ 36,018	\$ 4,455,744

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2013

Fund	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 39,477</u>	<u>\$ -</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2013

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Madison-Grant Multi-School Building Corporation	1997/2008 Renovations	\$ 197,000	06-26-97	12-31-13
	Park Construction Project 2012	138,500	06-28-12	12-31-31
	Summitville Construction Project 2013	69,000	02-05-13	12-31-32
Madison-Grant School Building Corporation	2003 Renovations	<u>400,000</u>	09-30-03	12-31-18
Total of annual lease payments		<u>\$ 804,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
Bond Payable	Pension Bond 2006	<u>\$ 2,120,000</u>	<u>\$ 160,099</u>

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MADISON-GRANT UNITED SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2013

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

	Ending Balance
Governmental activities:	
Land	\$ 19,200
Buildings	16,266,810
Improvements other than buildings	4,304,937
Machinery, equipment, and vehicles	4,509,903
 Total capital assets	 \$ 25,100,850

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE MADISON-GRANT UNITED
SCHOOL CORPORATION, GRANT COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Madison-Grant United School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

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

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

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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


Paul D. Joyce, CPA
State Examiner

December 23, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 11-12	\$ 58,942	\$ -
			FY 12-13	-	55,585
Total School Breakfast Program				<u>58,942</u>	<u>55,585</u>
National School Lunch Program	Indiana Department of Education	10.555			
			FY 11-12	343,194	-
			FY 12-13	-	315,057
Total National School Lunch Program				<u>343,194</u>	<u>315,057</u>
Total Child Nutrition Cluster				<u>402,136</u>	<u>370,642</u>
Total Department of Agriculture				<u>402,136</u>	<u>370,642</u>
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			11-2825	28,963	-
			12-2825	231,221	99,593
			13-2825	-	177,251
Total Title I Grants to Local Educational Agencies				<u>260,184</u>	<u>276,844</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	Indiana Department of Education	84.389			
			09-2825	172,380	-
Total Title I, Part A Cluster				<u>432,564</u>	<u>276,844</u>
Special Education Cluster					
Special Education - Grants to States	Mississinewa Community School Corporation	84.027			
			14211-021-PN01	56,683	-
			14212-021-PN01	211,782	92,946
			14213-021-PN01	-	209,477
	Indiana Department of Education		A58-2-12DL-0150	62,005	-
			A58-3-13DL-1438	-	56,674
Total Special Education - Grants to States				<u>330,470</u>	<u>359,097</u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>Department of Education (continued)</u>					
Special Education Cluster (continued)					
ARRA - Special Education Grants to States, Recovery Act	Mississinewa Community School Corporation	84.391	33310-021-SN01	50,276	-
Total Special Education Cluster				380,746	359,097
Educational Technology State Grants Cluster					
Educational Technology State Grants	Indiana Department of Education	84.318	S318X070014	1,068	-
Total Educational Technology State Grants Cluster				1,068	-
Rural Education					
	Indiana Department of Education	84.358	10-2825	87,051	7,662
Improving Teacher Quality State Grants					
	Indiana Department of Education	84.367	10-2825	3,511	-
			11-2825	31,773	30,991
			12-2825	-	13,462
Total Improving Teacher Quality State Grants				35,284	44,453
Education Jobs Fund					
	Indiana Department of Education	84.410	FY 11-12	286,062	-
			FY 12-13	-	4,654
Total Education Jobs Fund				286,062	4,654
Total Department of Education				1,222,775	692,710
Total federal awards expended				<u>\$ 1,624,911</u>	<u>\$ 1,063,352</u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	For the Year Ended June 30, 2012	For the Year Ended June 30, 2013
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ 50,970	\$ 46,423

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2013-1 - CONTROLS OVER PREPARING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation has controls in place over the preparation of the SEFA; however, material misstatements reported on the SEFA were undetected.

During the audit of the SEFA, we noted that the School Corporation omitted five program amounts totaling \$169,688 during the year ended June 30, 2012, and omitted one \$56,674 program during the year ended June 30, 2013. In addition, one program was not identified accurately on the schedule. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(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.

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

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

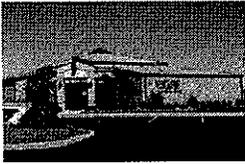
OMB Circular A-133, Subpart C, section. 310(b) states:

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

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

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.



MADISON-GRANT UNITED SCHOOL CORPORATION

John D. Trout, Ed.S., Superintendent
Rebecca Monroe, Director of Business Affairs
Steve Vore, Assistant to the Superintendent
Betty Willman, Special Services Director

Casi Beal, Superintendent's Secretary/Receptionist
Kristy Drewitz, Transportation Coordinator/Business Assistant
Teresa Riggs, Payroll/Personnel Coordinator
Joe Evans, Special Services Secretary

November 26, 2013

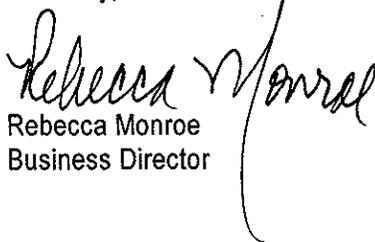
CORRECTIVE ACTION PLAN

Finding for July 1, 2011 through June 30, 2013 – Controls over Preparing the Schedule of Expenditures of Federal Awards

Auditee Contact Person: Rebecca Monroe
Title of Contact Person: Business Director
Phone Number: 765-948-4143
Expected Completion Date: ASAP

During the preparation of the SEFA report for the audit period stated above, I inadvertently did not list our Special Education Technology Grant as found during the audit process. I will do my best to make sure this never happens again when preparing the SEFA report. I will prepare the SEFA report and my assistant, Kristy Drewitz, will double check the report for accuracy and to make sure all federal grants are listed.

Sincerely,


Rebecca Monroe
Business Director

HOME OF THE ARGYLLS

Madison-Grant Administration Office

11580 S – E00W Fairmount, IN 46928 • Phone: (765) 948-4143 • Fax: (765) 948-4150

MADISON-GRANT UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 23, 2013, with Rebecca S. Monroe, Treasurer, and John D. Trout, Superintendent of Schools. Our audit disclosed no material items that warrant comment at this time.