

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
MADISON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/22/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Penny Myers	07-01-12 to 06-30-17
Superintendent of Schools	Joseph Buck	07-01-12 to 06-30-17
President of the School Board	Christopher Boots William Hutton	01-01-12 to 12-31-14 01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the South Madison Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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 and Schedule of Leases and Debt, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated February 16, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is October 31, 2016, 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.


Paul D. Joyce, CPA
State Examiner

February 16, 2015, except for the Schedule of Expenditures
of Federal Awards, as to which the date is October 31, 2016



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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 SOUTH MADISON COMMUNITY
SCHOOL CORPORATION, MADISON 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 South Madison Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated February 16, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is October 31, 2016, 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 a material weakness.

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 2014-001 to be a material weakness.

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 2014-001.

South Madison Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 16, 2015, except for the Schedule of Expenditures
of Federal Awards, as to which the date is October 31, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12			Other Financing Sources (Uses)	Cash and Investments 06-30-13			Other Financing Sources (Uses)	Cash and Investments 06-30-14		
	Receipts	Disbursements		Receipts	Disbursements			Receipts	Disbursements		
General	\$ 3,861,000	\$ 26,333,249	\$ 24,643,697	\$ -	\$ 5,550,552	\$ 26,846,061	\$ 25,129,804	\$ -	\$ 7,266,809		
Debt Service	1,206,615	8,146,516	7,420,623	-	1,932,508	8,285,030	7,738,410	-	2,479,128		
Capital Projects	400,101	1,828,083	1,870,140	-	358,044	1,810,377	2,141,503	-	26,918		
School Transportation	945,459	1,646,817	1,601,552	-	990,724	1,653,036	1,626,510	-	1,017,250		
School Bus Replacement	103,005	370,644	352,102	-	121,547	371,576	411,759	-	81,364		
Retirement/Severance Bond	19,180	-	10,814	-	8,366	-	5,501	-	2,865		
Construction	193,225	12,250	58,050	-	147,425	7,035	201,323	-	(46,863)		
Construction -Intermediate School	(1,091)	-	-	-	(1,091)	31,106	31,106	-	(1,091)		
Construction - PES-I Remodel	7,302	-	-	-	7,302	-	-	-	7,302		
School Lunch	456,435	2,122,254	2,164,948	-	413,741	2,072,502	1,949,987	100	536,356		
Textbook Rental	245,022	561,429	338,414	-	468,037	552,862	298,008	-	722,891		
Self-Insurance	4,074,288	5,481,032	3,764,759	-	5,790,561	5,241,839	4,012,855	-	7,019,545		
Child Care Program - Kids' Connections	179,747	357,647	358,207	-	179,187	371,241	368,749	-	181,679		
Extended Day Kindergarten	-	53,503	26,173	-	27,330	-	27,330	-	-		
Educational License Plates	10,751	524	-	-	11,275	450	-	-	11,725		
Alternative Education	17,620	8,886	17,620	-	8,886	7,058	15,944	-	-		
Early Intervention Grant	-	9,901	9,901	-	-	-	-	-	-		
After School Study Table Program	(1,097)	-	(1,097)	-	-	-	-	-	-		
Community Education	5,887	-	1,287	-	4,600	-	827	-	3,773		
Indiana Next	19	-	-	-	19	-	-	-	19		
South Madison Community Foundation Grant - CLC	-	-	-	-	-	1,000	1,000	-	-		
Kindergarten Camp 2012	-	13,566	13,515	-	51	-	-	-	51		
Kindergarten Camp 2013	-	-	167	-	(167)	15,806	15,075	-	564		
South Madison Community Foundation Grant - Pendleton Players	1,214	-	-	-	1,214	-	-	-	1,214		
CAPE	6,355	-	-	-	6,355	-	-	-	6,355		
Education Technology	216	130,000	130,000	-	216	-	-	-	216		
Gifted/Talented Grant	(21,044)	21,253	209	-	-	-	-	-	-		
High Ability Grant 2010/11	16	-	16	-	-	-	-	-	-		
High Ability Grant 2011/12	11,141	11,052	22,193	-	-	-	-	-	-		
High Ability Grant 2012/13	-	44,760	23,791	-	20,969	-	20,969	-	-		
High Ability Grant 2013/14	-	-	-	-	-	42,225	30,907	-	11,318		
Secured Schools Safety Grant	-	-	-	-	-	-	531	-	(531)		
Non-English Speaking Programs P.L. 273-1999 2007/08	911	-	-	-	911	-	-	-	911		
Non-English Speaking Programs P.L. 273-1999 2008/09	1,172	-	-	-	1,172	-	-	-	1,172		
Non-English Speaking Programs P.L. 273-1999 2009/10	6,786	-	-	(2,800)	3,986	-	-	-	3,986		
Non-English Speaking Programs P.L. 273-1999 2010/11	(2,771)	-	29	2,800	-	-	-	-	-		
Non-English Speaking Programs P.L. 273-1999 2011/12	1,263	-	1,263	-	-	-	-	-	-		

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Non-English Speaking Programs P.L. 273-1999 2012/13	-	2,074	1,223	-	851	-	-	-	851
Non-English Speaking Programs P.L. 273-1999 2013/14	-	-	-	-	-	1,727	18	-	1,709
School Technology	100,809	61,865	50,071	-	112,603	33,141	40,316	-	105,428
Miscellaneous Programs	33,313	(33,313)	-	-	-	-	-	-	-
Autism Advocates of Indiana Grant-Pendleton Elementary	1,702	-	-	-	1,702	-	-	-	1,702
Autism Advocates of Indiana Grant-East Elementary	-	-	-	-	-	3,000	500	-	2,500
Monsanto Grant	-	-	-	-	-	10,000	9,645	-	355
Staff Improvement	818	-	-	-	818	285	-	-	1,103
Technology Skills Assessment	-	32,750	9,116	-	23,634	-	22,418	-	1,216
Staff Training	9,844	1,045	1,053	-	9,836	100	1,102	-	8,834
Mentor Certificate Program	3,766	-	(191)	-	3,957	-	925	-	3,032
Title I 2009-2010	956	-	-	-	956	-	-	-	956
Title I 2010-2011	5,554	-	-	35,244	40,798	-	-	-	40,798
Title I 2011-2012	(15,810)	59,437	58,185	-	(14,558)	-	-	-	(14,558)
Title I 2012-2013	-	282,216	312,235	-	(30,019)	75,968	49,786	-	(3,837)
Title I 2013-2014	-	-	-	-	-	267,675	291,974	-	(24,299)
Title I 2002-2003	13	-	-	-	13	-	-	-	13
Innovative Education Program Strategies Title V (Part A)	2,376	-	-	-	2,376	-	-	-	2,376
Title V 2005-06	(823)	-	-	-	(823)	-	-	-	(823)
Title V 2006-07	4,278	-	-	-	4,278	-	-	-	4,278
Title V 2007-08	6,091	-	-	-	6,091	-	-	-	6,091
Learn & Serve Indiana Program	97	1	-	-	98	-	-	-	98
(IDEA, Part B) LEA Capacity Building (Sliver) Grants - 2012	-	70,000	69,667	-	333	-	-	-	333
Special Education Improvement	-	64,461	64,461	-	-	5,539	5,539	-	-
Drug Free Schools	1,129	-	-	-	1,129	-	1,129	-	-
Title IV Safe & Drug Free Schools 2008/2009	2,320	-	1,505	-	815	-	815	-	-
Title III - Energy Conservation	2,456	-	-	-	2,456	-	-	-	2,456
Improving Teaching Quality, No Child Left, Title II, Part A	27,157	48,244	64,201	-	11,200	83,102	87,833	-	6,469
Title I - Grants to LEAs	69,711	(29,237)	-	(35,244)	5,230	-	-	-	5,230
Special Education - Part B	(28,176)	29,235	1,059	-	-	-	-	-	-
Special Education - Part B - Preschool	796	1	797	-	-	-	-	-	-
Education Technology	16,652	-	3,257	-	13,395	-	1,422	-	11,973
Education Jobs	(9,075)	69,780	60,705	-	-	-	-	-	-
Payroll	50,771	5,179,221	5,163,235	-	66,757	5,261,722	5,290,843	-	37,636
Totals	\$ 12,015,452	\$ 52,991,146	\$ 48,688,952	\$ -	\$ 16,317,646	\$ 53,051,463	\$ 49,832,363	\$ 100	\$ 19,536,846

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

SOUTH MADISON COMMUNITY 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, co-operatives, 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, and other similar fees.

SOUTH MADISON COMMUNITY 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, 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, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

E. Disbursements

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

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

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

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

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

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

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

Other disbursements which include, but are not limited to the following: interfund loan payments, loans made to other funds, internal service disbursements.

SOUTH MADISON COMMUNITY 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:

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.

SOUTH MADISON COMMUNITY 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 a cost-sharing 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

SOUTH MADISON COMMUNITY 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of errors made in the prior period corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period.

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

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of payments made from grant and construction funds for which repayment has not yet been received as well as posting errors to some grant funds.

Note 9. Restatements

For the year ended June 30, 2013, 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, 2012	Prior Period Adjustment	Balance as of July 1, 2012
Construction	\$ 200,527	\$ (7,302)	\$ 193,225
Construction - PES-I Remodel	-	7,302	7,302
High Ability Grant 2010/11	11,157	(11,141)	16
High Ability Grant 2011/12	-	11,141	11,141
Non-English Speaking Programs P.L. 273-1999 2007/08	8,960	(8,049)	911
Non-English Speaking Programs P.L. 273-1999 2009/10	-	6,786	6,786
Non-English Speaking Programs P.L. 273-1999 2011/12	-	1,263	1,263
Title I 2010/11	(10,255)	15,809	5,554
Title I 2011/12	-	(15,810)	(15,810)

Note 10. Holding Corporations

The School Corporation has entered into a capital lease with South Madison Elementary School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$2,345,000 and \$2,676,500, respectively.

The School Corporation has entered into a capital lease with Second South Madison Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$1,490,000 and \$1,490,500, respectively.

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

The School Corporation has entered into a capital lease with South Madison New Middle School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$2,156,500 and \$2,169,500, respectively.

Note 11. Other Postemployment Benefits

The School Corporation provides postemployment life insurance benefits to retirees. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

OTHER 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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

SOUTH MADISON COMMUNITY 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	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction	Construction -Intermediate Schools
Cash and investments - beginning	\$ 3,861,000	\$ 1,206,615	\$ 400,101	\$ 945,459	\$ 103,005	\$ 19,180	\$ 193,225	\$ (1,091)
Receipts:								
Local sources	180,703	8,146,516	1,802,446	1,646,450	370,644	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	26,139,744	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	12,250	-
Other	12,802	-	25,637	367	-	-	-	-
Total receipts	<u>26,333,249</u>	<u>8,146,516</u>	<u>1,828,083</u>	<u>1,646,817</u>	<u>370,644</u>	<u>-</u>	<u>12,250</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	17,277,568	-	-	-	-	-	-	-
Support services	7,176,092	355	1,092,055	1,601,552	352,102	10,814	-	-
Noninstructional services	145,172	-	-	-	-	-	-	-
Facilities acquisition and construction	44,865	-	778,085	-	-	-	58,050	-
Debt services	-	7,420,268	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	<u>24,643,697</u>	<u>7,420,623</u>	<u>1,870,140</u>	<u>1,601,552</u>	<u>352,102</u>	<u>10,814</u>	<u>58,050</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,689,552</u>	<u>725,893</u>	<u>(42,057)</u>	<u>45,265</u>	<u>18,542</u>	<u>(10,814)</u>	<u>(45,800)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>1,689,552</u>	<u>725,893</u>	<u>(42,057)</u>	<u>45,265</u>	<u>18,542</u>	<u>(10,814)</u>	<u>(45,800)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 5,550,552</u>	<u>\$ 1,932,508</u>	<u>\$ 358,044</u>	<u>\$ 990,724</u>	<u>\$ 121,547</u>	<u>\$ 8,366</u>	<u>\$ 147,425</u>	<u>\$ (1,091)</u>

SOUTH MADISON COMMUNITY 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)

	Construction - PES-I Remodel	School Lunch	Textbook Rental	Self- Insurance	Child Care Program - Kids Connections	Extended Day Kindergarten	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 7,302	\$ 456,435	\$ 245,022	\$ 4,074,288	\$ 179,747	\$ -	\$ 10,751	\$ 17,620
Receipts:								
Local sources	-	1,262,194	436,318	5,481,032	357,647	53,503	-	-
Intermediate sources	-	-	-	-	-	-	524	-
State sources	-	25,551	122,770	-	-	-	-	8,886
Federal sources	-	833,909	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	600	2,341	-	-	-	-	-
Total receipts	-	2,122,254	561,429	5,481,032	357,647	53,503	524	8,886
Disbursements:								
Current:								
Instruction	-	-	-	-	-	26,173	-	17,620
Support services	-	55,369	338,414	-	-	-	-	-
Noninstructional services	-	2,106,339	-	-	358,207	-	-	-
Facilities acquisition and construction	-	3,240	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	3,764,759	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	2,164,948	338,414	3,764,759	358,207	26,173	-	17,620
Excess (deficiency) of receipts over disbursements	-	(42,694)	223,015	1,716,273	(560)	27,330	524	(8,734)
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	-	(42,694)	223,015	1,716,273	(560)	27,330	524	(8,734)
Cash and investments - ending	\$ 7,302	\$ 413,741	\$ 468,037	\$ 5,790,561	\$ 179,187	\$ 27,330	\$ 11,275	\$ 8,886

SOUTH MADISON COMMUNITY 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)

	Early Intervention Grant	After School Study Table Program	Community Education	Indiana Next	South Madison Community Foundation Grant - CLC	Kindergarten Camp 2012	Kindergarten Camp 2013	South Madison Community Foundation Grant - Pendleton Players
Cash and investments - beginning	\$ -	\$ (1,097)	\$ 5,887	\$ 19	\$ -	\$ -	\$ -	\$ 1,214
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	9,901	-	-	-	-	13,566	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>9,901</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,566</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	9,901	(1,097)	-	-	-	13,515	167	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	1,287	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	<u>9,901</u>	<u>(1,097)</u>	<u>1,287</u>	<u>-</u>	<u>-</u>	<u>13,515</u>	<u>167</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,097</u>	<u>(1,287)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>(167)</u>	<u>-</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</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>-</u>	<u>1,097</u>	<u>(1,287)</u>	<u>-</u>	<u>-</u>	<u>51</u>	<u>(167)</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,600</u>	<u>\$ 19</u>	<u>\$ -</u>	<u>\$ 51</u>	<u>\$ (167)</u>	<u>\$ 1,214</u>

SOUTH MADISON COMMUNITY 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)

	CAPE	Education Technology	Gifted/ Talented Grant	High Ability Grant 2010/11	High Ability Grant 2011/12	High Ability Grant 2012/13	High Ability Grant 2013/14	Secured Schools Safety Grant
Cash and investments - beginning	\$ 6,355	\$ 216	\$ (21,044)	\$ 16	\$ 11,141	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	11,052	44,760	-	-
Federal sources	-	-	21,253	-	-	-	-	-
Temporary loans	-	130,000	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	130,000	21,253	-	11,052	44,760	-	-
Disbursements:								
Current:								
Instruction	-	-	209	16	22,193	23,791	-	-
Support services	-	130,000	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	130,000	209	16	22,193	23,791	-	-
Excess (deficiency) of receipts over disbursements	-	-	21,044	(16)	(11,141)	20,969	-	-
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	-	-	21,044	(16)	(11,141)	20,969	-	-
Cash and investments - ending	\$ 6,355	\$ 216	\$ -	\$ -	\$ -	\$ 20,969	\$ -	\$ -

SOUTH MADISON COMMUNITY 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 P.L. 273-1999 2007/08	Non-English Speaking Programs P.L. 273-1999 2008/09	Non-English Speaking Programs P.L. 273-1999 2009/10	Non-English Speaking Programs P.L. 273-1999 2010/11	Non-English Speaking Programs P.L. 273-1999 2011/12	Non-English Speaking Programs P.L. 273-1999 2012/13	Non-English Speaking Programs P.L. 273-1999 2013/14	School Technology
Cash and investments - beginning	\$ 911	\$ 1,172	\$ 6,786	\$ (2,771)	\$ 1,263	\$ -	\$ -	\$ 100,809
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	2,074	-	61,865
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	2,074	-	61,865
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	29	1,263	1,223	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	50,071
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	29	1,263	1,223	-	50,071
Excess (deficiency) of receipts over disbursements	-	-	-	(29)	(1,263)	851	-	11,794
Other financing sources (uses):								
Transfers in	-	-	-	2,800	-	-	-	-
Transfers out	-	-	(2,800)	-	-	-	-	-
Total other financing sources (uses)	-	-	(2,800)	2,800	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,800)	2,771	(1,263)	851	-	11,794
Cash and investments - ending	\$ 911	\$ 1,172	\$ 3,986	\$ -	\$ -	\$ 851	\$ -	\$ 112,603

SOUTH MADISON COMMUNITY 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)

	Miscellaneous Programs	Austin Advocates of Indiana Grant- Pendleton Elementary	Autism Advocates of Indiana Grant- East Elementary	Monsanto Grant	Staff Improvement	Techology Skills Assessment	Staff Training	Mentor Certificate Program
Cash and investments - beginning	\$ 33,313	\$ 1,702	\$ -	\$ -	\$ 818	\$ -	\$ 9,844	\$ 3,766
Receipts:								
Local sources	-	-	-	-	-	-	1,045	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	32,750	-	-
Federal sources	(33,313)	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	(33,313)	-	-	-	-	32,750	1,045	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	2,750	-	-
Support services	-	-	-	-	-	6,366	1,053	(191)
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	9,116	1,053	(191)
Excess (deficiency) of receipts over disbursements	(33,313)	-	-	-	-	23,634	(8)	191
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	(33,313)	-	-	-	-	23,634	(8)	191
Cash and investments - ending	\$ -	\$ 1,702	\$ -	\$ -	\$ 818	\$ 23,634	\$ 9,836	\$ 3,957

SOUTH MADISON COMMUNITY 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 2009-2010	Title I 2010-2011	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	Title I 2002-2003	Innovative Education Program Strategies Title V (Part A)	Title V 2005-06
Cash and investments - beginning	\$ 956	\$ 5,554	\$ (15,810)	\$ -	\$ -	\$ 13	\$ 2,376	\$ (823)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	59,437	-	-	-	-	-
Federal sources	-	-	-	282,216	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	59,437	282,216	-	-	-	-
Disbursements:								
Current:								
Instruction	-	-	22,472	186,390	-	-	-	-
Support services	-	-	33,772	123,942	-	-	-	-
Noninstructional services	-	-	1,941	1,903	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	58,185	312,235	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	1,252	(30,019)	-	-	-	-
Other financing sources (uses):								
Transfers in	-	35,244	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	35,244	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	35,244	1,252	(30,019)	-	-	-	-
Cash and investments - ending	\$ 956	\$ 40,798	\$ (14,558)	\$ (30,019)	\$ -	\$ 13	\$ 2,376	\$ (823)

SOUTH MADISON COMMUNITY 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 V 2006-07	Title V 2007-08	Learn & Serve Indiana Program	(IDEA, Part B) LEA Capacity Building (Sliver) Grants - 2012	Special Education Improvement	Drug Free Schools	Title IV Safe & Drug Free Schools 2008/2009	Title III - Energy Conservation
Cash and investments - beginning	\$ 4,278	\$ 6,091	\$ 97	\$ -	\$ -	\$ 1,129	\$ 2,320	\$ 2,456
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	70,000	64,461	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	1	-	-	-	-	-
Total receipts	-	-	1	70,000	64,461	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	1,505	-
Support services	-	-	-	69,667	64,461	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	69,667	64,461	-	1,505	-
Excess (deficiency) of receipts over disbursements	-	-	1	333	-	-	(1,505)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1	333	-	-	(1,505)	-
Cash and investments - ending	\$ 4,278	\$ 6,091	\$ 98	\$ 333	\$ -	\$ 1,129	\$ 815	\$ 2,456

SOUTH MADISON COMMUNITY 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)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Education Technology	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ 27,157	\$ 69,711	\$ (28,176)	\$ 796	\$ 16,652	\$ (9,075)	\$ 50,771	\$ 12,015,452
Receipts:								
Local sources	-	-	-	-	-	-	-	19,738,498
Intermediate sources	-	-	-	-	-	-	-	524
State sources	-	-	-	-	-	-	-	26,532,356
Federal sources	48,244	-	29,235	1	-	69,780	-	1,385,786
Temporary loans	-	-	-	-	-	-	-	142,250
Other	-	(29,237)	-	-	-	-	5,179,221	5,191,732
Total receipts	48,244	(29,237)	29,235	1	-	69,780	5,179,221	52,991,146
Disbursements:								
Current:								
Instruction	-	-	1,059	797	-	60,705	-	17,665,734
Support services	64,201	-	-	-	3,257	-	-	11,125,796
Noninstructional services	-	-	-	-	-	-	-	2,614,849
Facilities acquisition and construction	-	-	-	-	-	-	-	934,311
Debt services	-	-	-	-	-	-	-	7,420,268
Nonprogrammed charges	-	-	-	-	-	-	-	3,764,759
Other	-	-	-	-	-	-	5,163,235	5,163,235
Total disbursements	64,201	-	1,059	797	3,257	60,705	5,163,235	48,688,952
Excess (deficiency) of receipts over disbursements	(15,957)	(29,237)	28,176	(796)	(3,257)	9,075	15,986	4,302,194
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	38,044
Transfers out	-	(35,244)	-	-	-	-	-	(38,044)
Total other financing sources (uses)	-	(35,244)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,957)	(64,481)	28,176	(796)	(3,257)	9,075	15,986	4,302,194
Cash and investments - ending	\$ 11,200	\$ 5,230	\$ -	\$ -	\$ 13,395	\$ -	\$ 66,757	\$ 16,317,646

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction	Construction -Intermediate Schools
Cash and investments - beginning	\$ 5,550,552	\$ 1,932,508	\$ 358,044	\$ 990,724	\$ 121,547	\$ 8,366	\$ 147,425	\$ (1,091)
Receipts:								
Local sources	185,442	8,276,485	1,800,457	1,650,068	371,576	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	26,635,447	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	7,035	31,106
Other	25,172	8,545	9,920	2,968	-	-	-	-
Total receipts	<u>26,846,061</u>	<u>8,285,030</u>	<u>1,810,377</u>	<u>1,653,036</u>	<u>371,576</u>	<u>-</u>	<u>7,035</u>	<u>31,106</u>
Disbursements:								
Current:								
Instruction	17,186,975	-	-	-	-	-	-	-
Support services	7,461,542	5,574	987,162	1,626,510	411,759	5,501	-	-
Noninstructional services	274,498	-	-	-	-	-	-	-
Facilities acquisition and construction	206,789	-	1,154,341	-	-	-	201,323	31,106
Debt services	-	7,732,836	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	<u>25,129,804</u>	<u>7,738,410</u>	<u>2,141,503</u>	<u>1,626,510</u>	<u>411,759</u>	<u>5,501</u>	<u>201,323</u>	<u>31,106</u>
Excess (deficiency) of receipts over disbursements	<u>1,716,257</u>	<u>546,620</u>	<u>(331,126)</u>	<u>26,526</u>	<u>(40,183)</u>	<u>(5,501)</u>	<u>(194,288)</u>	<u>-</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,716,257</u>	<u>546,620</u>	<u>(331,126)</u>	<u>26,526</u>	<u>(40,183)</u>	<u>(5,501)</u>	<u>(194,288)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 7,266,809</u>	<u>\$ 2,479,128</u>	<u>\$ 26,918</u>	<u>\$ 1,017,250</u>	<u>\$ 81,364</u>	<u>\$ 2,865</u>	<u>\$ (46,863)</u>	<u>\$ (1,091)</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction - PES-I Remodel	School Lunch	Textbook Rental	Self- Insurance	Child Care Program - Kids Connections	Extended Day Kindergarten	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ 7,302	\$ 413,741	\$ 468,037	\$ 5,790,561	\$ 179,187	\$ 27,330	\$ 11,275	\$ 8,886
Receipts:								
Local sources	-	1,324,393	412,392	5,241,839	371,241	-	-	-
Intermediate sources	-	-	-	-	-	-	450	-
State sources	-	23,912	139,380	-	-	-	-	7,058
Federal sources	-	724,197	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	1,090	-	-	-	-	-
Total receipts	-	2,072,502	552,862	5,241,839	371,241	-	450	7,058
Disbursements:								
Current:								
Instruction	-	-	-	-	-	27,330	-	15,944
Support services	-	24,523	298,008	-	-	-	-	-
Noninstructional services	-	1,901,562	-	-	368,749	-	-	-
Facilities acquisition and construction	-	23,902	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	4,012,855	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	1,949,987	298,008	4,012,855	368,749	27,330	-	15,944
Excess (deficiency) of receipts over disbursements	-	122,515	254,854	1,228,984	2,492	(27,330)	450	(8,886)
Other financing sources (uses):								
Sale of capital assets	-	100	-	-	-	-	-	-
Total other financing sources (uses)	-	100	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	122,615	254,854	1,228,984	2,492	(27,330)	450	(8,886)
Cash and investments - ending	\$ 7,302	\$ 536,356	\$ 722,891	\$ 7,019,545	\$ 181,679	\$ -	\$ 11,725	\$ -

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Early Intervention Grant	After School Study Table Program	Community Education	Indiana Next	South Madison Community Foundation Grant - CLC	Kindergarten Camp 2012	Kindergarten Camp 2013	South Madison Community Foundation Grant - Pendleton Players
Cash and investments - beginning	\$ -	\$ -	\$ 4,600	\$ 19	\$ -	\$ 51	\$ (167)	\$ 1,214
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	1,000	-	15,806	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	1,000	-	15,806	-
Disbursements:								
Current:								
Instruction	-	-	-	-	1,000	-	15,075	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	827	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	827	-	1,000	-	15,075	-
Excess (deficiency) of receipts over disbursements	-	-	(827)	-	-	-	731	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(827)	-	-	-	731	-
Cash and investments - ending	\$ -	\$ -	\$ 3,773	\$ 19	\$ -	\$ 51	\$ 564	\$ 1,214

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	CAPE	Education Technology	Gifted/ Talented Grant	High Ability Grant 2010/11	High Ability Grant 2011/12	High Ability Grant 2012/13	High Ability Grant 2013/14	Secured Schools Safety Grant
Cash and investments - beginning	\$ 6,355	\$ 216	\$ -	\$ -	\$ -	\$ 20,969	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	42,225	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	42,225	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	20,969	30,907	-
Support services	-	-	-	-	-	-	-	531
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	20,969	30,907	531
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(20,969)	11,318	(531)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(20,969)	11,318	(531)
Cash and investments - ending	\$ 6,355	\$ 216	\$ -	\$ -	\$ -	\$ -	\$ 11,318	\$ (531)

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Non-English Speaking Programs P.L. 273-1999 2007/08	Non-English Speaking Programs P.L. 273-1999 2008/09	Non-English Speaking Programs P.L. 273-1999 2009/10	Non-English Speaking Programs P.L. 273-1999 2010/11	Non-English Speaking Programs P.L. 273-1999 2011/12	Non-English Speaking Programs P.L. 273-1999 2012/13	Non-English Speaking Programs P.L. 273-1999 2013/14	School Technology
Cash and investments - beginning	\$ 911	\$ 1,172	\$ 3,986	\$ -	\$ -	\$ 851	\$ -	\$ 112,603
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	1,727	33,141
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	1,727	33,141
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	18	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	40,316
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	18	40,316
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	1,709	(7,175)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	1,709	(7,175)
Cash and investments - ending	\$ 911	\$ 1,172	\$ 3,986	\$ -	\$ -	\$ 851	\$ 1,709	\$ 105,428

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Miscellaneous Programs	Autism Advocates of Indiana Grant- Pendleton Elementary	Autism Advocates of Indiana Grant- East Elementary	Monsanto Grant	Staff Improvement	Techology Skills Assessment	Staff Training	Mentor Certificate Program
Cash and investments - beginning	\$ -	\$ 1,702	\$ -	\$ -	\$ 818	\$ 23,634	\$ 9,836	\$ 3,957
Receipts:								
Local sources	-	-	3,000	-	285	-	100	-
Intermediate sources	-	-	-	10,000	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	3,000	10,000	285	-	100	-
Disbursements:								
Current:								
Instruction	-	-	500	9,645	-	-	-	-
Support services	-	-	-	-	-	22,418	1,102	925
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	500	9,645	-	22,418	1,102	925
Excess (deficiency) of receipts over disbursements	-	-	2,500	355	285	(22,418)	(1,002)	(925)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,500	355	285	(22,418)	(1,002)	(925)
Cash and investments - ending	\$ -	\$ 1,702	\$ 2,500	\$ 355	\$ 1,103	\$ 1,216	\$ 8,834	\$ 3,032

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title I 2009-2010	Title I 2010-2011	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	Title I 2002-2003	Innovative Education Program Strategies Title V (Part A)	Title V 2005-06
Cash and investments - beginning	\$ 956	\$ 40,798	\$ (14,558)	\$ (30,019)	\$ -	\$ 13	\$ 2,376	\$ (823)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	75,968	267,675	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	75,968	267,675	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	18,934	167,763	-	-	-
Support services	-	-	-	30,852	123,460	-	-	-
Noninstructional services	-	-	-	-	751	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	49,786	291,974	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	26,182	(24,299)	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	26,182	(24,299)	-	-	-
Cash and investments - ending	<u>\$ 956</u>	<u>\$ 40,798</u>	<u>\$ (14,558)</u>	<u>\$ (3,837)</u>	<u>\$ (24,299)</u>	<u>\$ 13</u>	<u>\$ 2,376</u>	<u>\$ (823)</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title V 2006-07	Title V 2007-08	Learn & Serve Indiana Program	(IDEA, Part B) LEA Capacity Building (Sliver) Grants - 2012	Special Education Improvement	Drug Free Schools	Title IV Safe & Drug Free Schools 2008/2009	Title III - Energy Conservation
Cash and investments - beginning	\$ 4,278	\$ 6,091	\$ 98	\$ 333	\$ -	\$ 1,129	\$ 815	\$ 2,456
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	5,539	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	5,539	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	292	45	-
Support services	-	-	-	-	5,539	837	770	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	5,539	1,129	815	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(1,129)	(815)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(1,129)	(815)	-
Cash and investments - ending	<u>\$ 4,278</u>	<u>\$ 6,091</u>	<u>\$ 98</u>	<u>\$ 333</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,456</u>

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title I - Grants to LEAs	Special Education - Part B	Special Education - Part B - Preschool	Education Technology	Education Jobs	Payroll	Totals
Cash and investments - beginning	\$ 11,200	\$ 5,230	\$ -	\$ -	\$ 13,395	\$ -	\$ 66,757	\$ 16,317,646
Receipts:								
Local sources	-	-	-	-	-	-	-	19,637,278
Intermediate sources	-	-	-	-	-	-	-	10,450
State sources	-	-	-	-	-	-	-	26,899,696
Federal sources	83,102	-	-	-	-	-	-	1,156,481
Temporary loans	-	-	-	-	-	-	-	38,141
Other	-	-	-	-	-	-	5,261,722	5,309,417
Total receipts	83,102	-	-	-	-	-	5,261,722	53,051,463
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	17,495,379
Support services	87,833	-	-	-	1,422	-	-	11,096,286
Noninstructional services	-	-	-	-	-	-	-	2,546,387
Facilities acquisition and construction	-	-	-	-	-	-	-	1,657,777
Debt services	-	-	-	-	-	-	-	7,732,836
Nonprogrammed charges	-	-	-	-	-	-	-	4,012,855
Other	-	-	-	-	-	-	5,290,843	5,290,843
Total disbursements	87,833	-	-	-	1,422	-	5,290,843	49,832,363
Excess (deficiency) of receipts over disbursements	(4,731)	-	-	-	(1,422)	-	(29,121)	3,219,100
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	100
Total other financing sources (uses)	-	-	-	-	-	-	-	100
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,731)	-	-	-	(1,422)	-	(29,121)	3,219,200
Cash and investments - ending	\$ 6,469	\$ 5,230	\$ -	\$ -	\$ 11,973	\$ -	\$ 37,636	\$ 19,536,846

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SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
South Madison Elementary School Building Corporation	Elementary Remodel/HS Refi	\$ 2,925,000	12/31/2005	12/31/2027
South Madison New Middle School Building Corporation	New Middle School	2,186,000	6/30/2009	6/30/2028
Second South Madison Community School Building Corporation	New Elementary	<u>1,489,500</u>	12/31/2008	12/31/2019
Total governmental activities		<u>6,600,500</u>		
Total of annual lease payments		<u>\$ 6,600,500</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Purchase of Land	\$ 505,000	\$ 213,405
Notes and loans payable	Common School Loans-Technology/Remodel	<u>7,206,219</u>	<u>1,081,373</u>
Total governmental activities		<u>7,711,219</u>	<u>1,294,778</u>
Totals		<u>\$ 7,711,219</u>	<u>\$ 1,294,778</u>

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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
Web Site: www.in.gov/sboa

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

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

Report on Compliance for Each Major Federal Program

We have audited the South Madison Community 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, 2012 to June 30, 2014. 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.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in item 2014-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Equipment and Real Property Management that is applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Basis for Qualified Opinion on Title I, Part A Cluster

As described in item 2014-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Special Tests and Provisions - Participation of Private School Children that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster and Title I, Part A Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraphs above, 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 the Child Nutrition Cluster and Title I, Part A Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Special Education Cluster (IDEA)

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 the major federal program for the period of July 1, 2013 to June 30, 2015.

Other Matters

This report replaces the previously issued Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance dated February 16, 2015. The Schedule of Expenditures of Federal Awards has been revised to correct a misstatement. This correction changed the determination of the major programs. The Special Education Cluster (IDEA) was also audited as a major program due to the change.

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

Report on Internal Control Over Compliance

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


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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002, 2014-003, and 2014-004 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

February 16, 2015, except for the Special Education Cluster (IDEA),
as to which the date is October 31, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

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 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2012-13 FY 2013-14	\$ 131,857 -	\$ - 94,613
Total - School Breakfast Program				<u>131,857</u>	<u>94,613</u>
National School Lunch Program		10.555	FY 2012-13 FY 2013-14	843,160 -	- 765,246
Total - National School Lunch Program				<u>843,160</u>	<u>765,246</u>
Total - Child Nutrition Cluster				<u>975,017</u>	<u>859,859</u>
<u>U.S. Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 2011-12 FY 2012-13 FY 2013-14	59,437 282,215 -	- 75,968 267,674
Total - Title I, Part A Cluster				<u>341,652</u>	<u>343,642</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027	FY 2012-13 Improvement FY 2012-13 Staffing 14212-027-PN01 14213-027-PN01 14214-027-PN01	69,667 64,461 181,492 766,620 -	- 5,539 6,218 222,322 706,974
Total - Special Education - Grants to States				<u>1,082,240</u>	<u>941,053</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	45712-027-PN01 45713-027-PN01 45714-027-PN01	12,574 40,205 -	465 5,460 28,737
Total - Special Education - Preschool Grants				<u>52,779</u>	<u>34,662</u>
ARRA - Special Education - Grants to States, Recovery Act	Greenfield-Central Community School Corporation	84.391	FY 2011-12	<u>1,058</u>	-
ARRA - Special Education - Preschool Grants, Recovery Act		84.392	FY 2010-11	<u>797</u>	-
Total - Special Education Cluster (IDEA)				<u>1,136,874</u>	<u>975,715</u>
Educational Technology State Grants Cluster					
ARRA - Education Technology State Grants - Recovery Act	Indiana Department of Education	84.386	FY 2011-12	<u>3,256</u>	<u>1,422</u>
Total - Educational Technology State Grants Cluster				<u>3,256</u>	<u>1,422</u>
Safe and Drug-Free Schools and Communities - State Grants	Indiana Department of Education	84.186	FY 2009-10 FY 2010-11	- 1,505	1,129 815
Total - Safe and Drug-Free Schools and Communities - State Grants				<u>1,505</u>	<u>1,944</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 2010-11 FY 2011-12 FY 2012-13	5,121 43,121 -	- 31,521 51,581
Total - Improving Teacher Quality State Grants				<u>48,242</u>	<u>83,102</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 2011-12	<u>69,779</u>	-
Total - U.S. Department of Education				<u>1,601,308</u>	<u>1,405,825</u>
Total federal awards expended				<u>\$ 2,576,325</u>	<u>\$ 2,265,684</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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	<u>\$ 141,107</u>	<u>\$ 135,662</u>

SOUTH MADISON COMMUNITY 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?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster and Title 1, Part A Cluster; Unmodified for Special Education Cluster (IDEA)
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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 2014-001 - PREPARATION OF 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 SEFA was prepared by the Treasurer of the School Corporation and no subsequent review was performed by another person.

The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: federal grants totaling \$2,245,869 for FY 2012-13 and \$1,838,940 for FY 2013-14 were not included; \$25,934 was included twice in FY 2013-14. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

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

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

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

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

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

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

***FINDING 2014-002 - INTERNAL CONTROL AND COMPLIANCE
OVER EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program and National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year (or Other Identifying Number): 2012-13 and 2013-14
Pass-Through Entity: Indiana Department of Education

The School Corporation does not properly maintain records that identify equipment and other property acquired with federal monies. The inventory prepared by the Food Service Director did not list purchase date or price. It was not possible to trace the equipment purchased to the equipment and property records. Equipment purchases during the period represented 6.29 percent of grant expenditures.

34 CFR 80.32(d) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

Failure to maintain detailed and accurate equipment and property records could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation maintain accurate detailed equipment and property records. Also, any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

FINDING 2014-003 - INTERNAL CONTROL OVER ELIGIBILITY

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): FY 2012-13 and FY 2013-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirement: Eligibility.

The internal controls established at the School Corporation failed to correct errors on the eligible schools summary page of the 2013 Title I application. Furthermore, inadequate documentation was retained to support the poverty numbers reported on the eligible schools summary for both the 2012-13 and 2013-14 grant application.

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The failure to establish an effective internal control system places the school at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

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

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirement listed above.

FINDING 2014-004 - SPECIAL TESTS AND PROVISIONS - PARTICIPATION OF PRIVATE SCHOOL CHILDREN

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): FY 2011-12, FY 2012-13, FY 2013-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system over compliance with Special Tests and Provisions for the Participation of Private School Children. The failure to establish an effective internal control system places the School Corporation at risk of material noncompliance. The School Corporation did not conduct consultations with private school officials to determine the kind of educational services to provide to eligible private school children regarding Title I Local Educational Grants requirements.

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

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

SOUTH MADISON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

20 USC 7881(c)(1) states in part:

"To ensure timely and meaningful consultation, a State educational agency, local educational agency, educational service agency, consortium of those agencies, or entity shall consult with appropriate private school officials during the design and development of the programs under this chapter, on issues such as—

- (A) how the children's needs will be identified;
- (B) what services will be offered;
- (C) how, where, and by whom the services will be provided;
- (D) how the services will be assessed and how the results of the assessment will be used to improve those services;
- (E) the size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel and the amount of funds available for those services; and
- (F) how and when the agency, consortium, or entity will make decisions about the delivery of services, including a thorough consideration and analysis of the views of the private school officials on the provision of contract services through potential third-party providers."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with and to conduct consultations with private school officials to ensure private school children receive any educational services needed.

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AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

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
William L. Hutton
Amy S. McGinnis
Joel P. Sandefur
Marilea A. Wyatt

ADMINISTRATION

Joseph A. Buck
Superintendent

Sandra K. Hudson
Assistant Superintendent

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

Mark W. Matlock
*Director of Support
Services*


Kenneth S. McCarty
Business Manager

Summary Schedule of Prior Audit Findings

Finding Number 2012-1

Original SBA Audit Report Number	B41923
Fiscal Years	10/11 – 11/12
Auditee Contact Person	Penny Myers
Title of Contact Person	Corporation Treasurer
Phone Number	765-778-2152
Status of Finding	Corrective Action of Findings

Based on the procedural changes at the Indiana Department of Education, distribution of funds are no longer received on a drawdown method but on a reimbursement basis. Therefore, the cash management issue described in the audit findings no longer exists. South Madison is currently making every effort to comply with the grant agreements and federal compliance requirements.


Signature and Title Corp. Treasurer Date 2/12/15

SOUTH MADISON



COMMUNITY SCHOOL CORPORATION

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Kaye L. Wolverton

CORRECTIVE ACTION PLAN

FINDING 2014-001 PREPARATION OF SCHEDULE OF EXPENDITURES OF
FEDERAL AWARDS

At this time, South Madison Community School Corporation has implemented internal controls to help ensure accurate reporting of federal funds on the Schedule of Expenditures of Federal Awards.

South Madison Community School Corporation is currently making every effort to comply with the federal compliance requirements.

ADMINISTRATION

Joseph A. Buck
Superintendent

Sandra K. Hudson
Assistant Superintendent

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

Kenneth S. McCarty
*Business & Operations
Manager*


Signature and Title *Corporation*
Treasurer

2/18/15
Date

WEBSITE
www.smadison.k12.in.us

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Director of Support Services

Kenneth S. McCarty
Business Manager

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CORRECTIVE ACTION PLAN

FINDING 2014-002 - Internal control and compliance over equipment and real property management

Federal Agency: Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): 2012-13 and 2013-14
Pass-Through Entity: Indiana Department of Education

The School Corporation does not properly maintain records that identify equipment and other property acquired with federal monies. The inventory prepared by the food service director did not list purchase date or price so it was not possible to trace equipment purchased during the audit period to the inventory. Equipment purchases during the audit period represent 6.29% of grant expenditures.

34 CFR 80.32 (d) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.

(2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommend that School Corporation design and properly monitor procedures that would ensure accurate detailed fixed asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

South Madison Community School Corporation will maintain an inventory list that includes all information on current list, plus purchase date or price and which items are purchased with Federal monies. We will update this inventory annually and add or show records of deletion.


Signature and Title

2/19/15
Date

BOARD OF SCHOOL TRUSTEES

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Laura M. Miller
Director of Instruction & Staff Development

Kenneth S. McCarty
Business & Operations Manager

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CORRECTIVE ACTION PLAN

FINDING 2014-003 Internal Control Over Eligibility

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number & Yr: FY2012-13 and FY2013-14

The statement that “the school corporation failed to detect errors on the eligible schools summary page of the 2013 Title I application” is not correct. South Madison Community School Corporation did detect enrollment errors in the 2013 application and responded with phone calls, emails, the submission of documents, and a conference call with the Indiana Department of Education, which included a Title I Coordinator from Indiana DOE. The enrollment numbers were not in the district’s favor and were 432 below the actual, as reported on the Real Time Report. The numbers are populated by the Indiana Department of Education and the school corporation was informed the numbers cannot be changed.

Regarding the finding that “inadequate documentation was retained to support the poverty numbers reported on the eligible schools summary,” the district learned in the conference call with Indiana DOE that the Title I district poverty percentages are determined by the federal government based on household income and the number of children determined to be in poverty in our school district. This creates a discrepancy for the school corporation, as Transfer Tuition students who are poverty students are not included in the district’s census numbers. In short, the districts of legal settlement for these transfer tuition students receive Title I funding for these students (if they are poverty students), not the receiving school - South Madison.

The school corporation will consult with the Title I department of the Indiana Department of Education to determine how the school corporation can improve its internal controls in regards to this finding. South Madison Community School Corporation is currently making every effort to comply with the grant agreements and federal compliance requirements.


Signature and Title

2-18-2015
Date



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CORRECTIVE ACTION PLAN

FINDING 2014-004 Special Tests and Provisions – Participation of Private School Children

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010

Federal Award Number & Yr: FY2011-12, FY2012-13, FY2013-14

The reason the school corporation did not fulfill the requirements for participation of private school children is due to the district’s Indiana Title I Applications, which stated, “there are no non-public schools in your district.” Since the Title I Application did not delineate that the school corporation was obligated to seek out students with legal settlement in its district who attended non-public schools, the school corporation did not understand that it had an obligation in this regard.

To correct this finding, the school corporation has obtained the federal guidance document; the grant manager has attended a workshop on the topic; and the school corporation will begin the process this school year of identifying eligible students who attend non-public schools.

South Madison Community School Corporation is currently making every effort to comply with the grant agreements and federal compliance requirements.

Sandra K. Hudson

Signature and Title

2-18-2015

Date

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.