

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

AUDIT REPORT

OF

MADISON-GRANT UNITED SCHOOL CORPORATION

GRANT COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

03/03/2010

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca S. Monroe	07-01-07 to 06-30-10
Superintendent of Schools	John D. Trout	07-01-07 to 06-30-10
President of the School Board	Elisabeth M. Ellingwood Michael K. Solms	07-01-07 to 06-30-08 07-01-08 to 06-30-10



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison-Grant United School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 12, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

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

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

STATE BOARD OF ACCOUNTS

February 12, 2010



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Madison-Grant United School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 12, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

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

STATE BOARD OF ACCOUNTS

February 12, 2010

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,072,187	\$ -	\$ 238,464	\$ (5,833,723)
Support services	4,961,231	407,530	411,036	(4,142,665)
Noninstructional services	607,747	-	-	(607,747)
Facilities acquisition and construction	466,408	-	-	(466,408)
Debt service	2,212,418	-	-	(2,212,418)
Nonprogrammed charges	315,495	-	-	(315,495)
Total governmental activities	<u>\$ 14,635,486</u>	<u>\$ 407,530</u>	<u>\$ 649,500</u>	<u>(13,578,456)</u>
General receipts:				
Property taxes				5,653,337
Other local sources				772,218
State aid				6,198,121
Bonds and loans				815,500
Grants and contributions not restricted to specific programs				727,282
Sale of property				94
Investment earnings				80,836
Other				35,429
Total general receipts				<u>14,282,817</u>
Change in net assets				704,361
Net assets - beginning				<u>2,459,626</u>
Net assets - ending				<u>\$ 3,163,987</u>
<u>Assets</u>				
Cash and investments				<u>\$ 3,163,987</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 3,163,987</u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 5,346,286	\$ -	\$ 268,559	\$ (5,077,727)
Support services	6,004,842	379,985	412,076	(5,212,781)
Noninstructional services	594,856	-	-	(594,856)
Facilities acquisition and construction	344,250	-	-	(344,250)
Debt service	1,384,112	-	-	(1,384,112)
Nonprogrammed charges	402,273	-	-	(402,273)
Total governmental activities	<u>\$ 14,076,619</u>	<u>\$ 379,985</u>	<u>\$ 680,635</u>	<u>(13,015,999)</u>
General receipts:				
Property taxes				4,714,139
Other local sources				695,770
State aid				6,822,042
Grants and contributions not restricted to specific programs				1,615,547
Sale of property				6,116
Investment earnings				69,627
Other				31,266
Total general receipts				<u>13,954,507</u>
Change in net assets				938,508
Net assets - beginning				<u>3,163,987</u>
Net assets - ending				<u>\$ 4,102,495</u>
<u>Assets</u>				
Cash and investments				<u>\$ 4,102,495</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 4,102,495</u>

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

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

	<u>General</u>	<u>Other</u>	<u>Totals</u>
Receipts:			
Local sources	\$ 3,119,572	\$ 3,793,154	\$ 6,912,726
Intermediate sources	257	937	1,194
State sources	6,442,421	96,574	6,538,995
Federal sources	-	1,035,909	1,035,909
Temporary loans	180,000	635,500	815,500
Interfund loans	101,067	395,209	496,276
Other	<u>33,808</u>	<u>1,621</u>	<u>35,429</u>
Total receipts	<u>9,877,125</u>	<u>5,958,904</u>	<u>15,836,029</u>
Disbursements:			
Current:			
Instruction	5,370,385	701,802	6,072,187
Support services	3,085,566	1,875,665	4,961,231
Noninstructional services	-	607,747	607,747
Facilities acquisition and construction	7,092	459,316	466,408
Debt services	180,000	2,032,418	2,212,418
Nonprogrammed charges	315,495	-	315,495
Interfund loans	<u>235,222</u>	<u>261,054</u>	<u>496,276</u>
Total disbursements	<u>9,193,760</u>	<u>5,938,002</u>	<u>15,131,762</u>
Excess of receipts over disbursements	<u>683,365</u>	<u>20,902</u>	<u>704,267</u>
Other financing sources (uses):			
Sale of capital assets	-	94	94
Transfers in	-	216,509	216,509
Transfers out	<u>(200,219)</u>	<u>(16,290)</u>	<u>(216,509)</u>
Total other financing sources (uses)	<u>(200,219)</u>	<u>200,313</u>	<u>94</u>
Excess of receipts and other financing sources over disbursements and other financing uses	483,146	221,215	704,361
Cash and investments - beginning	<u>1,658,815</u>	<u>800,811</u>	<u>2,459,626</u>
Cash and investments - ending	<u>\$ 2,141,961</u>	<u>\$ 1,022,026</u>	<u>\$ 3,163,987</u>
<u>Cash and Investment Assets - Ending</u>			
Cash and investments	<u>\$ 2,141,961</u>	<u>\$ 1,022,026</u>	<u>\$ 3,163,987</u>
<u>Cash and Investment Fund Balance - Ending</u>			
Unrestricted	<u>\$ 2,141,961</u>	<u>\$ 1,022,026</u>	<u>\$ 3,163,987</u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Fiscal Stabilization Act 2009	Other	Totals
Receipts:				
Local sources	\$ 2,411,249	\$ -	\$ 3,445,901	\$ 5,857,150
Intermediate sources	270	-	2,100	2,370
State sources	7,091,851	-	111,242	7,203,093
Federal sources	-	779,610	1,135,522	1,915,132
Interfund loans	166,132	-	206,975	373,107
Other	26,242	-	5,024	31,266
	<u>9,695,744</u>	<u>779,610</u>	<u>4,906,764</u>	<u>15,382,118</u>
Disbursements:				
Current:				
Instruction	4,688,368	-	657,918	5,346,286
Support services	4,165,910	-	1,838,932	6,004,842
Noninstructional services	-	-	594,856	594,856
Facilities acquisition and construction	30,460	-	313,790	344,250
Debt services	-	-	1,384,112	1,384,112
Nonprogrammed charges	402,273	-	-	402,273
Interfund loans	206,975	-	166,132	373,107
	<u>9,493,986</u>	<u>-</u>	<u>4,955,740</u>	<u>14,449,726</u>
Excess (deficiency) of receipts over disbursements	<u>201,758</u>	<u>779,610</u>	<u>(48,976)</u>	<u>932,392</u>
Other financing sources (uses):				
Sale of capital assets	6,116	-	-	6,116
Transfers in	-	-	145,560	145,560
Transfers out	(76,148)	-	(69,412)	(145,560)
	<u>(70,032)</u>	<u>-</u>	<u>76,148</u>	<u>6,116</u>
Excess of receipts and other financing sources over disbursements and other financing uses	131,726	779,610	27,172	938,508
Cash and investments - beginning	<u>2,141,961</u>	<u>-</u>	<u>1,022,026</u>	<u>3,163,987</u>
Cash and investments - ending	<u>\$ 2,273,687</u>	<u>\$ 779,610</u>	<u>\$ 1,049,198</u>	<u>\$ 4,102,495</u>
<u>Cash and Investment Assets - Ending</u>				
Cash and investments	<u>\$ 2,273,687</u>	<u>\$ 779,610</u>	<u>\$ 1,049,198</u>	<u>\$ 4,102,495</u>
<u>Cash and Investment Fund Balance - Ending</u>				
Unrestricted	<u>\$ 2,273,687</u>	<u>\$ 779,610</u>	<u>\$ 1,049,198</u>	<u>\$ 4,102,495</u>

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

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

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions:	
Other	\$ <u>43,223</u>
Investment earnings:	
Interest	<u>1,448</u>
Total additions	<u>44,671</u>
Deductions:	
Administrative and general	<u>79,274</u>
Deficiency of total additions over total deductions	(34,603)
Cash and investment fund balance - beginning	<u>78,269</u>
Cash and investment fund balance - ending	<u><u>\$ 43,666</u></u>
Net assets:	
Cash and investments	<u>\$ 43,666</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 43,666</u></u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	<u>Private-Purpose Trust Funds</u>
Additions:	
Contributions:	
Other	\$ <u>132,814</u>
Investment earnings:	
Interest	<u>987</u>
Total additions	<u>133,801</u>
Deductions:	
Administrative and general	<u>75,198</u>
Excess of total additions over total deductions	58,603
Cash and investment fund balance - beginning	<u>43,666</u>
Cash and investment fund balance - ending	<u><u>\$ 102,269</u></u>
Net assets:	
Cash and investments	<u>\$ 102,269</u>
Total net assets - cash and investment basis held in trust	<u><u>\$ 102,269</u></u>

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

MADISON-GRANT UNITED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the primary government, Madison-Grant United School Corporation.

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

Joint Venture

The School Corporation is a participant with Marion Community Schools, Oak Hill United School Corporation, Mississinewa Community School Corporation, and Eastbrook Community School Corporation in a joint venture to operate Grant County Special Services Cooperative (Co-op) which was created to provide programs and services for children with special needs. The Co-op's continued existence depends on continued funding by the participating School Corporations. Complete financial statements for the Co-op can be obtained from their administrative office at 424 E South A Street, Gas City, IN 46933.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, liabilities, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

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

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

The fiscal stabilization act 2009 fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

Additionally, the School Corporation reports the following fund type:

The private-purpose trust funds report trust arrangements under which principal and income benefit the students.

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by

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

February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

Program Receipts

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

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

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

III. Detailed Notes on All Funds

A. Deposits and Investments

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	For the Year Ended June 30, 2008	For the Year Ended June 30, 2009
General Fund	Other governmental funds	\$ 200,219	\$ 76,148
Other governmental funds	Other governmental funds	<u>16,290</u>	<u>69,412</u>
Totals		<u>\$ 216,509</u>	<u>\$ 145,560</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated July 1, 2007
Governmental funds	\$ 2,504,550	\$ (44,924)	\$ 2,459,626
Fiduciary funds	33,345	44,924	78,269

IV. Other Information

A. Risk Management

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

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

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

B. Holding Corporations

The School Corporation has entered into capital leases with Madison-Grant Multi-School Building Corporation and Madison-Grant School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year ended June 30, 2009, totaled \$1,058,000.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 67,460
Interest on net pension obligation	(3,026)
Adjustment to annual required contribution	3,448
Annual pension cost	67,882
Contributions made	59,056
Increase in net pension obligation	8,826
Net pension obligation, beginning of year	(41,737)
Net pension obligation, end of year	\$ (32,911)

	PERF
Contribution rates:	
School Corporation	7.75%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 52,953	74%	\$ (54,570)
	06-30-07	58,744	78%	(41,737)
	06-30-08	67,882	87%	(32,911)

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

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$190,935, \$185,613, and \$165,885, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

MADISON-GRANT UNITED SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,060,656	\$ 1,140,676	\$ (80,020)	93%	\$ 824,383	(10%)
07-01-07	1,159,114	1,283,586	(124,472)	90%	888,603	(14%)
07-01-08	1,182,819	1,302,140	(119,321)	91%	897,667	(13%)

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

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education License Plates	Gifted and Talented FY 2006-2007
Receipts:							
Local sources	\$ 900,985	\$ 11,021	\$ -	\$ 356,306	\$ 83,496	\$ -	\$ -
Intermediate sources	-	-	-	-	-	937	-
State sources	-	19,976	-	9,326	34,554	-	-
Federal sources	-	-	-	254,550	-	-	-
Temporary loans	252,000	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	883	45	-	683	10	-	-
Total receipts	1,153,868	31,042	-	620,865	118,060	937	-
Disbursements:							
Current:							
Instruction	-	28,668	-	-	-	-	858
Support services	729,043	5,108	-	22,181	111,191	-	-
Noninstructional services	-	-	-	601,435	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	252,000	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	981,043	33,776	-	623,616	111,191	-	858
Excess (deficiency) of receipts over disbursements	172,825	(2,734)	-	(2,751)	6,869	937	(858)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	94	-	-
Transfers in	-	-	200,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	200,000	-	94	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	172,825	(2,734)	200,000	(2,751)	6,963	937	(858)
Cash and investments - beginning	29,799	2,734	-	49,971	1,779	2,138	858
Cash and investments - ending	\$ 202,624	\$ -	\$ 200,000	\$ 47,220	\$ 8,742	\$ 3,075	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 202,624	\$ -	\$ 200,000	\$ 47,220	\$ 8,742	\$ 3,075	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 202,624	\$ -	\$ 200,000	\$ 47,220	\$ 8,742	\$ 3,075	\$ -

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

	High Ability Grant FY 2007-2008	Non-English Speaking Program	Technology Planning Grant	Latch Key	School Lunch Banquet	CAPE Consortium - Parents	Title I FY 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 32,141	\$ 519	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	31,968	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	31,968	-	-	32,141	519	-	-
Disbursements:							
Current:							
Instruction	11,790	-	70,410	25,089	154	-	56,364
Support services	5,941	-	-	999	29	-	7,800
Noninstructional services	-	-	-	2,859	574	-	-
Facilities acquisition and construction	-	-	-	507	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	17,731	-	70,410	29,454	757	-	64,164
Excess (deficiency) of receipts over disbursements	14,237	-	(70,410)	2,687	(238)	-	(64,164)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	219	-	-
Transfers out	-	-	-	-	-	-	(5,489)
Total other financing sources (uses)	-	-	-	-	219	-	(5,489)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,237	-	(70,410)	2,687	(19)	-	(69,653)
Cash and investments - beginning	-	1,440	70,616	34,046	226	555	69,653
Cash and investments - ending	<u>\$ 14,237</u>	<u>\$ 1,440</u>	<u>\$ 206</u>	<u>\$ 36,733</u>	<u>\$ 207</u>	<u>\$ 555</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 14,237</u>	<u>\$ 1,440</u>	<u>\$ 206</u>	<u>\$ 36,733</u>	<u>\$ 207</u>	<u>\$ 555</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 14,237</u>	<u>\$ 1,440</u>	<u>\$ 206</u>	<u>\$ 36,733</u>	<u>\$ 207</u>	<u>\$ 555</u>	<u>\$ -</u>

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

	Title I FY 2007-2008	Title I School Improvement - Summitville 2007-2008	Title V FY 2007-2008	PL108 FY 2006-2007	PL108 FY 2007-2008	Federal Vocational/ Technical Grant	Title II Part A FY 2007-2008
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	750	-
Federal sources	364,993	28,478	2,376	62,738	247,972	-	74,802
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	67,559	-	-
Other	-	-	-	-	-	-	-
Total receipts	364,993	28,478	2,376	62,738	315,531	750	74,802
Disbursements:							
Current:							
Instruction	203,320	5,191	-	54,603	173,526	-	71,829
Support services	39,196	330	2,376	9,540	52,848	-	9,611
Noninstructional services	2,879	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	67,559	-	-
Total disbursements	245,395	5,521	2,376	64,143	293,933	-	81,440
Excess (deficiency) of receipts over disbursements	119,598	22,957	-	(1,405)	21,598	750	(6,638)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	5,489	-	-	-	10,801	-	-
Transfers out	-	-	-	(10,801)	-	-	-
Total other financing sources (uses)	5,489	-	-	(10,801)	10,801	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	125,087	22,957	-	(12,206)	32,399	750	(6,638)
Cash and investments - beginning	-	-	-	12,206	-	-	29,653
Cash and investments - ending	\$ 125,087	\$ 22,957	\$ -	\$ -	\$ 32,399	\$ 750	\$ 23,015
Cash and Investment Assets - Ending							
Cash and investments	\$ 125,087	\$ 22,957	\$ -	\$ -	\$ 32,399	\$ 750	\$ 23,015
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 125,087	\$ 22,957	\$ -	\$ -	\$ 32,399	\$ 750	\$ 23,015

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

	Title II Part D FY 2005-2006	Debt Service	Pension Debt	Capital Projects	School Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ 1,039,530	\$ 412,110	\$ 797,496	\$ 159,550	\$ 3,793,154
Intermediate sources	-	-	-	-	-	937
State sources	-	-	-	-	-	96,574
Federal sources	-	-	-	-	-	1,035,909
Temporary loans	-	3,500	-	380,000	-	635,500
Interfund loans	-	57,816	109,848	159,986	-	395,209
Other	-	-	-	-	-	1,621
Total receipts	-	1,100,846	521,958	1,337,482	159,550	5,958,904
Disbursements:						
Current:						
Instruction	-	-	-	-	-	701,802
Support services	1,837	21,221	7,670	568,196	280,548	1,875,665
Noninstructional services	-	-	-	-	-	607,747
Facilities acquisition and construction	-	-	-	458,809	-	459,316
Debt services	-	1,076,178	324,240	380,000	-	2,032,418
Interfund loans	-	3,447	190,048	-	-	261,054
Total disbursements	1,837	1,100,846	521,958	1,407,005	280,548	5,938,002
Excess (deficiency) of receipts over disbursements	(1,837)	-	-	(69,523)	(120,998)	20,902
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	94
Transfers in	-	-	-	-	-	216,509
Transfers out	-	-	-	-	-	(16,290)
Total other financing sources (uses)	-	-	-	-	-	200,313
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,837)	-	-	(69,523)	(120,998)	221,215
Cash and investments - beginning	1,837	-	-	321,603	171,697	800,811
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 252,080	\$ 50,699	\$ 1,022,026
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ -	\$ 252,080	\$ 50,699	\$ 1,022,026
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ -	\$ 252,080	\$ 50,699	\$ 1,022,026

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental	Education License Plates	Schools Safe Haven
Receipts:							
Local sources	\$ 785,901	\$ 19,064	\$ 4,181	\$ 323,090	\$ 83,183	\$ -	\$ -
Intermediate sources	-	-	-	-	-	2,100	-
State sources	-	26,892	-	9,827	41,339	-	1,216
Federal sources	-	-	-	250,311	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	90	-	792	4,142	-	-
Total receipts	785,901	46,046	4,181	584,020	128,664	2,100	1,216
Disbursements:							
Current:							
Instruction	-	35,946	-	-	-	-	-
Support services	726,197	10,100	-	41,073	136,072	-	1,216
Noninstructional services	-	-	-	589,143	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	726,197	46,046	-	630,216	136,072	-	1,216
Excess (deficiency) of receipts over disbursements	59,704	-	4,181	(46,196)	(7,408)	2,100	-
Other financing sources (uses):							
Transfers in	-	-	75,000	-	14,663	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	75,000	-	14,663	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	59,704	-	79,181	(46,196)	7,255	2,100	-
Cash and investments - beginning	202,624	-	200,000	47,220	8,742	3,075	-
Cash and investments - ending	\$ 262,328	\$ -	\$ 279,181	\$ 1,024	\$ 15,997	\$ 5,175	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 262,328	\$ -	\$ 279,181	\$ 1,024	\$ 15,997	\$ 5,175	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 262,328	\$ -	\$ 279,181	\$ 1,024	\$ 15,997	\$ 5,175	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	High Ability Grant FY 2007-2008	High Ability Grant FY 2008-2009	Non-English Speaking Program	Technology Planning Grant	Latch Key	School Lunch Banquet	CAPE Consortium - Parents
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 25,933	\$ 354	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	31,968	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	31,968	-	-	25,933	354	-
Disbursements:							
Current:							
Instruction	-	14,215	-	-	20,441	-	-
Support services	14,237	4,227	-	206	8,667	153	-
Noninstructional services	-	-	-	-	2,297	1,077	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	14,237	18,442	-	206	31,405	1,230	-
Excess (deficiency) of receipts over disbursements	(14,237)	13,526	-	(206)	(5,472)	(876)	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	1,148	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	1,148	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,237)	13,526	-	(206)	(5,472)	272	-
Cash and investments - beginning	14,237	-	1,440	206	36,733	207	555
Cash and investments - ending	\$ -	\$ 13,526	\$ 1,440	\$ -	\$ 31,261	\$ 479	\$ 555
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 13,526	\$ 1,440	\$ -	\$ 31,261	\$ 479	\$ 555
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 13,526	\$ 1,440	\$ -	\$ 31,261	\$ 479	\$ 555

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title I FY 2007-2008	Title I FY 2008-2009	Title I School Improvement - Summitville 2007-2008	Title V FY 2007-2008	PL108 FY 2007-2008	PL108 FY 2008-2009	Federal Vocational/ Technical Grant
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	391,735	-	927	44,578	296,483	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	391,735	-	927	44,578	296,483	-
Disbursements:							
Current:							
Instruction	34,479	242,155	131	-	53,749	148,435	750
Support services	35,859	55,797	22,826	-	23,228	84,909	-
Noninstructional services	-	2,339	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	70,338	300,291	22,957	-	76,977	233,344	750
Excess (deficiency) of receipts over disbursements	(70,338)	91,444	(22,957)	927	(32,399)	63,139	(750)
Other financing sources (uses):							
Transfers in	-	54,749	-	-	-	-	-
Transfers out	(54,749)	-	-	-	-	-	-
Total other financing sources (uses)	(54,749)	54,749	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(125,087)	146,193	(22,957)	927	(32,399)	63,139	(750)
Cash and investments - beginning	125,087	-	22,957	-	32,399	-	750
Cash and investments - ending	\$ -	\$ 146,193	\$ -	\$ 927	\$ -	\$ 63,139	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 146,193	\$ -	\$ 927	\$ -	\$ 63,139	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 146,193	\$ -	\$ 927	\$ -	\$ 63,139	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II Part A FY 2007-2008	Title II Part D FY 2008-2009	Debt Service	Pension Debt	Capital Projects	School Bus Replacement	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ 1,048,269	\$ 309,663	\$ 704,975	\$ 141,288	\$ 3,445,901
Intermediate sources	-	-	-	-	-	-	2,100
State sources	-	-	-	-	-	-	111,242
Federal sources	77,381	74,107	-	-	-	-	1,135,522
Interfund loans	-	-	82,210	124,765	-	-	206,975
Other	-	-	-	-	-	-	5,024
Total receipts	<u>77,381</u>	<u>74,107</u>	<u>1,130,479</u>	<u>434,428</u>	<u>704,975</u>	<u>141,288</u>	<u>4,906,764</u>
Disbursements:							
Current:							
Instruction	64,028	43,589	-	-	-	-	657,918
Support services	19,428	-	-	-	507,487	147,250	1,838,932
Noninstructional services	-	-	-	-	-	-	594,856
Facilities acquisition and construction	-	-	-	-	313,790	-	313,790
Debt services	-	-	1,058,000	326,112	-	-	1,384,112
Interfund loans	-	-	57,816	108,316	-	-	166,132
Total disbursements	<u>83,456</u>	<u>43,589</u>	<u>1,115,816</u>	<u>434,428</u>	<u>821,277</u>	<u>147,250</u>	<u>4,955,740</u>
Excess (deficiency) of receipts over disbursements	<u>(6,075)</u>	<u>30,518</u>	<u>14,663</u>	<u>-</u>	<u>(116,302)</u>	<u>(5,962)</u>	<u>(48,976)</u>
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	145,560
Transfers out	-	-	(14,663)	-	-	-	(69,412)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(14,663)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>76,148</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,075)</u>	<u>30,518</u>	<u>-</u>	<u>-</u>	<u>(116,302)</u>	<u>(5,962)</u>	<u>27,172</u>
Cash and investments - beginning	<u>23,015</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>252,080</u>	<u>50,699</u>	<u>1,022,026</u>
Cash and investments - ending	<u>\$ 16,940</u>	<u>\$ 30,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,778</u>	<u>\$ 44,737</u>	<u>\$ 1,049,198</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 16,940</u>	<u>\$ 30,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,778</u>	<u>\$ 44,737</u>	<u>\$ 1,049,198</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 16,940</u>	<u>\$ 30,518</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 135,778</u>	<u>\$ 44,737</u>	<u>\$ 1,049,198</u>

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

	<u>Round Robins Award Liberty</u>	<u>Liberty Community Foundation</u>	<u>Park Community Foundation</u>	<u>Summitville Class of 1948 Accelerated Reading</u>	<u>Summitville Community Foundation</u>	<u>Summitville PSI IOTA XI</u>	<u>First Christian Church Summitville</u>
Additions:							
Contributions:							
Other	\$ -	\$ 500	\$ 206	\$ -	\$ 364	\$ -	\$ 561
Investment earnings:							
Interest	-	-	-	-	-	-	-
Total additions	-	500	206	-	364	-	561
Deductions:							
Administrative and general	-	731	629	-	358	-	-
Excess (deficiency) of total additions over total deductions	-	(231)	(423)	-	6	-	561
Cash and investment fund balance - beginning	315	231	523	200	-	200	-
Cash and investments - June 30	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 6</u>	<u>\$ 200</u>	<u>\$ 561</u>
Net assets:							
Cash and investments	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 6</u>	<u>\$ 200</u>	<u>\$ 561</u>
Total net assets - cash and investment basis held in trust	<u>\$ 315</u>	<u>\$ -</u>	<u>\$ 100</u>	<u>\$ 200</u>	<u>\$ 6</u>	<u>\$ 200</u>	<u>\$ 561</u>

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

	Summitville Fisher Body Donation	Summitville Loves Foundation	Junior High Community Foundation	Boren Foundation Donation	Round Robins Marion General Donation	Max W. Leisure Community Foundation
Additions:						
Contributions:						
Other	\$ 250	\$ 5,000	\$ -	\$ 633	\$ 1,489	\$ 279
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>250</u>	<u>5,000</u>	<u>-</u>	<u>633</u>	<u>1,489</u>	<u>279</u>
Deductions:						
Administrative and general	<u>11</u>	<u>-</u>	<u>-</u>	<u>37,357</u>	<u>9,489</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	239	5,000	-	(36,724)	(8,000)	279
Cash and investment fund balance - beginning	<u>-</u>	<u>-</u>	<u>2</u>	<u>36,724</u>	<u>8,000</u>	<u>-</u>
Cash and investments - June 30	<u>\$ 239</u>	<u>\$ 5,000</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279</u>
Net assets:						
Cash and investments	<u>\$ 239</u>	<u>\$ 5,000</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279</u>
Total net assets - cash and investment basis held in trust	<u>\$ 239</u>	<u>\$ 5,000</u>	<u>\$ 2</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 279</u>

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

	Round Robins High School Baseball	Cultural Arts	Galey Scholarship	HM Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship
Additions:						
Contributions:						
Other	\$ 4,500	\$ 700	\$ -	\$ -	\$ 100	\$ -
Investment earnings:						
Interest	-	-	859	380	97	51
Total additions	<u>4,500</u>	<u>700</u>	<u>859</u>	<u>380</u>	<u>197</u>	<u>51</u>
Deductions:						
Administrative and general	-	478	400	380	-	250
Excess (deficiency) of total additions over total deductions	4,500	222	459	-	197	(199)
Cash and investment fund balance - beginning	-	280	10,801	10,000	2,735	1,674
Cash and investments - June 30	<u>\$ 4,500</u>	<u>\$ 502</u>	<u>\$ 11,260</u>	<u>\$ 10,000</u>	<u>\$ 2,932</u>	<u>\$ 1,475</u>
Net assets:						
Cash and investments	<u>\$ 4,500</u>	<u>\$ 502</u>	<u>\$ 11,260</u>	<u>\$ 10,000</u>	<u>\$ 2,932</u>	<u>\$ 1,475</u>
Total net assets - cash and investment basis held in trust	<u>\$ 4,500</u>	<u>\$ 502</u>	<u>\$ 11,260</u>	<u>\$ 10,000</u>	<u>\$ 2,932</u>	<u>\$ 1,475</u>

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

	Rollins-Paul Scholarship	Family and Consumer Science Scholarship	Hazel Baker Foundation	Wellness Grant - USDA Grant	Indiana Next Grant	Totals
Additions:						
Contributions:						
Other	\$ 450	\$ -	\$ 28,191	\$ -	\$ -	\$ 43,223
Investment earnings:						
Interest	61	-	-	-	-	1,448
Total additions	511	-	28,191	-	-	44,671
Deductions:						
Administrative and general	1,000	-	28,191	-	-	79,274
Excess (deficiency) of total additions over total deductions	(489)	-	-	-	-	(34,603)
Cash and investment fund balance - beginning	2,702	2,188	21	130	1,543	78,269
Cash and investments - June 30	<u>\$ 2,213</u>	<u>\$ 2,188</u>	<u>\$ 21</u>	<u>\$ 130</u>	<u>\$ 1,543</u>	<u>\$ 43,666</u>
Net assets:						
Cash and investments	\$ 2,213	\$ 2,188	\$ 21	\$ 130	\$ 1,543	\$ 43,666
Total net assets - cash and investment basis held in trust	<u>\$ 2,213</u>	<u>\$ 2,188</u>	<u>\$ 21</u>	<u>\$ 130</u>	<u>\$ 1,543</u>	<u>\$ 43,666</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	<u>Round Robins Award Liberty</u>	<u>Liberty Community Foundation</u>	<u>Park Community Foundation</u>	<u>Summitville Class of 1948 Accelerated Reading</u>	<u>Summitville Community Foundation</u>	<u>Summitville PSI IOTA XI</u>
Additions:						
Contributions:						
Other	\$ -	\$ 509	\$ 341	\$ -	\$ 707	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	-	509	341	-	707	-
Deductions:						
Administrative and general	-	494	302	200	391	192
Excess (deficiency) of total additions over total deductions	-	15	39	(200)	316	(192)
Cash and investment fund balance - beginning	315	-	100	200	6	200
Cash and investments - June 30	<u>\$ 315</u>	<u>\$ 15</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ 8</u>
Net assets:						
Cash and investments	<u>\$ 315</u>	<u>\$ 15</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ 8</u>
Total net assets - cash and investment basis held in trust	<u>\$ 315</u>	<u>\$ 15</u>	<u>\$ 139</u>	<u>\$ -</u>	<u>\$ 322</u>	<u>\$ 8</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	First Christian Church Summitville	Summitville Fisher Body Donation	Summitville Lowe's Foundation	Junior High Community Foundation	Round Robins Junior High	Junior High - Lowe's Landscaping Grant
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ -	\$ 700	\$ 2,800	\$ 3,500
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	-	-	-	700	2,800	3,500
Deductions:						
Administrative and general	561	95	4,311	294	2,647	3,500
Excess (deficiency) of total additions over total deductions	(561)	(95)	(4,311)	406	153	-
Cash and investment fund balance - beginning	561	239	5,000	2	-	-
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 689</u>	<u>\$ 408</u>	<u>\$ 153</u>	<u>\$ -</u>
Net assets:						
Cash and investments	\$ -	\$ 144	\$ 689	\$ 408	\$ 153	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 144</u>	<u>\$ 689</u>	<u>\$ 408</u>	<u>\$ 153</u>	<u>\$ -</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Kids In Need Grants	Boren Foundation Donation	Max W. Leisure Community Foundation	Round Robins High School Baseball	Boren Foundation High School Math Program	Cultural Arts
Additions:						
Contributions:						
Other	\$ 434	\$ 15,550	\$ -	\$ 1,000	\$ 51,500	\$ -
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	434	15,550	-	1,000	51,500	-
Deductions:						
Administrative and general	434	14,321	279	5,500	-	502
Excess (deficiency) of total additions over total deductions	-	1,229	(279)	(4,500)	51,500	(502)
Cash and investment fund balance - beginning	-	-	279	4,500	-	502
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,500</u>	<u>\$ -</u>
Net assets:						
Cash and investments	\$ -	\$ 1,229	\$ -	\$ -	\$ 51,500	\$ -
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,229</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,500</u>	<u>\$ -</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Central Indiana Ethanol Donation	Galey Scholarship	HM Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship	Rollins-Paul Scholarship
Additions:						
Contributions:						
Other	\$ 10,000	\$ -	\$ -	\$ 100	\$ -	\$ 2,000
Investment earnings:						
Interest	-	504	356	57	27	43
Total additions	<u>10,000</u>	<u>504</u>	<u>356</u>	<u>157</u>	<u>27</u>	<u>2,043</u>
Deductions:						
Administrative and general	-	800	356	250	200	1,000
Excess (deficiency) of total additions over total deductions	10,000	(296)	-	(93)	(173)	1,043
Cash and investment fund balance - beginning	-	11,260	10,000	2,932	1,475	2,213
Cash and investments - June 30	<u>\$ 10,000</u>	<u>\$ 10,964</u>	<u>\$ 10,000</u>	<u>\$ 2,839</u>	<u>\$ 1,302</u>	<u>\$ 3,256</u>
Net assets:		10,964				
Cash and investments	<u>\$ 10,000</u>	<u>\$ 10,964</u>	<u>\$ 10,000</u>	<u>\$ 2,839</u>	<u>\$ 1,302</u>	<u>\$ 3,256</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,000</u>	<u>\$ 10,964</u>	<u>\$ 10,000</u>	<u>\$ 2,839</u>	<u>\$ 1,302</u>	<u>\$ 3,256</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Family and Consumer Science Scholarship	Hazel Baker Foundation	Wellness Grant - USDA Grant	Wellness Grant - North Central Ins	Indiana Next Grant	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 34,173	\$ -	\$ 9,500	\$ -	\$ 132,814
Investment earnings:						
Interest	-	-	-	-	-	987
Total additions	-	34,173	-	9,500	-	133,801
Deductions:						
Administrative and general	500	34,173	-	3,896	-	75,198
Excess (deficiency) of total additions over total deductions	(500)	-	-	5,604	-	58,603
Cash and investment fund balance - beginning	2,188	21	130	-	1,543	43,666
Cash and investments - June 30	<u>\$ 1,688</u>	<u>\$ 21</u>	<u>\$ 130</u>	<u>\$ 5,604</u>	<u>\$ 1,543</u>	<u>\$ 102,269</u>
Net assets:						
Cash and investments	\$ 1,688	\$ 21	\$ 130	\$ 5,604	\$ 1,543	\$ 102,269
Total net assets - cash and investment basis held in trust	<u>\$ 1,688</u>	<u>\$ 21</u>	<u>\$ 130</u>	<u>\$ 5,604</u>	<u>\$ 1,543</u>	<u>\$ 102,269</u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 19,200
Buildings	16,022,651
Improvements other than buildings	3,399,276
Machinery and equipment	<u>3,658,702</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 23,099,829</u></u>

MADISON-GRANT UNITED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Multi-School Building Corporation 1997	\$ 2,600,000	\$ 658,000
School Building Corporation 2003	3,080,000	400,000
Bonds payable:		
General obligation bonds:		
Pension Bond 2006	2,800,000	159,837
Total governmental activities debt	\$ 8,480,000	\$ 1,217,837

MADISON-GRANT UNITED SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2008. A similar comment appeared in prior Report B31691

The enrollment count date for school year 2007-2008 was September 14, 2007. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Grade</u>	<u>Count as Reported on Form 30A</u>	<u>Actual Enrollment Figures</u>	<u>Difference</u>
2007-2008	1 Through 12	1462	1461	1

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

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

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

Compliance

We have audited the compliance of the Madison-Grant United School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 12, 2010

MADISON-GRANT UNITED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 41,526	\$ 42,108
National School Lunch Program	10.555		<u>258,252</u>	<u>278,584</u>
Total for federal grantor agency			<u>299,778</u>	<u>320,692</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		07-2825	64,137	-
		08-2825	250,917	52,804
		09-2825	<u>-</u>	<u>300,291</u>
Total for cluster			<u>315,054</u>	<u>353,095</u>
Pass-Through Mississinewa Community School Corporation				
Special Education Cluster				
Special Education - Grants to States	84.027			
		FY 2006-07	64,089	-
		FY 2007-08	226,375	76,976
		FY 2008-09	<u>-</u>	<u>233,344</u>
Total for cluster			<u>290,464</u>	<u>310,320</u>
Pass-Through Indiana Department of Education				
Career and Technical Education - Basic Grants to States	84.048			
		08-1303-2825	<u>-</u>	<u>750</u>
State Grants for Innovative Programs	84.298			
		07-2825	<u>2,376</u>	<u>-</u>
Education Technology State Grants	84.318			
		S318X070014	<u>-</u>	<u>43,589</u>
Improving Teacher Quality State Grants	84.367			
		06-2825	29,653	-
		07-2825	51,787	23,015
		08-2825	<u>-</u>	<u>60,441</u>
Total for program			<u>81,440</u>	<u>83,456</u>
Total for federal grantor agency			<u>689,334</u>	<u>791,210</u>
Total federal awards expended			<u>\$ 989,112</u>	<u>\$ 1,111,902</u>

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

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

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	For the Year Ended June 30, 2008	For the Year Ended June 30, 2009
Child Nutrition Cluster: Food Commodities: National School Lunch Program	10.555	\$ <u>45,228</u>	\$ <u>37,688</u>

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

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
Material weaknesses identified? no
Significant deficiencies identified that are not considered to be material weaknesses? none reported

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

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

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MADISON-GRANT UNITED SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MADISON-GRANT UNITED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 12, 2010, with John D. Trout, Superintendent of Schools; and Rebecca S. Monroe, Treasurer. The officials concurred with our audit finding.