

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MADISON-GRANT UNITED SCHOOL CORPORATION  
GRANT COUNTY, INDIANA

July 1, 2013 to June 30, 2015



**FILED**

07/06/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rebecca Monroe Tarinna Morris	07-01-13 to 04-03-16 04-04-16 to 06-30-17
Superintendent of Schools	John Trout Steve Edwards (interim) Dr. Scott Deetz	07-01-13 to 06-30-15 07-01-15 to 12-31-15 01-01-16 to 06-30-17
President of the School Board	Carl Chambers Ann Presnall Aaron Caudell	07-01-13 to 05-10-15 05-11-15 to 02-21-16 02-22-16 to 12-31-17



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Madison-Grant United School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

***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 from 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 to 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, 2013 to June 30, 2015.

***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, 2013 to June 30, 2015, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 April 26, 2017, 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

April 26, 2017



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Madison-Grant United School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated April 26, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 items 2015-001 and 2015-002 to be material weaknesses.

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from 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 2015-001.

**Madison-Grant United 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

April 26, 2017

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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.

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MADISON-GRANT UNITED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 2,032,348	\$ 8,415,394	\$ 8,587,543	\$ -	\$ 1,860,199	\$ 7,968,768	\$ 8,133,716	\$ -	\$ 1,695,251
Debt Service	392,240	835,766	952,500	(8,811)	266,695	1,107,573	1,038,000	(17,203)	319,065
Pension Bond Debt Service	177,949	342,123	322,395	-	197,677	317,253	325,543	-	189,387
Capital Projects	561,528	1,244,883	1,279,991	-	526,420	1,156,925	1,180,667	(25,000)	477,678
Transportation	442,037	776,440	809,758	(30,000)	378,719	758,629	740,872	(50,000)	346,476
Transportation School Bus Replacement	142,040	160,977	84,070	-	218,947	115,052	155,950	-	178,049
Rainy Day	370,613	1,562	-	30,000	402,175	1,212	-	75,000	478,387
Construction	100,000	-	-	-	100,000	-	84,367	-	15,633
School Lunch	207,353	661,956	641,091	-	228,218	575,771	611,930	-	192,059
Textbook Rental	9,725	161,152	100,813	8,811	78,875	145,265	165,898	17,203	75,445
Repair and Replacement	-	4,899	4,590	-	309	7,902	4,270	-	3,941
Educational License Plates	2,150	131	2,000	-	281	113	-	-	394
Alternative Education	5,698	13,500	17,948	-	1,250	16,375	12,500	-	5,125
Round Robins Award - Liberty	315	-	-	-	315	-	-	-	315
Liberty Community Foundation	22	-	-	-	22	-	-	-	22
Park Community Foundation	125	-	-	-	125	-	-	-	125
Park Donations - Boren	904	-	-	-	904	-	-	-	904
Summitville Community Foundation	15	-	-	-	15	-	-	-	15
Summitville Psi Iota Xi Award	217	-	-	-	217	-	-	-	217
Summitville - Smith Distributing Donation	-	400	-	-	400	-	-	-	400
Summit-Moorehead Grant	-	-	-	-	-	2,000	1,930	-	70
Jr. High Community Foundation	3	-	-	-	3	-	-	-	3
Jr. High Dollar General Literacy	1,778	-	1,308	-	470	-	131	-	339
Boren Foundation Donation	1,229	-	-	-	1,229	-	-	-	1,229
Max W. Leisure-Community Foundation	-	181	-	-	181	-	-	-	181
Boren Foundation - Corp Grant	5,813	-	5,813	-	-	47,000	-	-	47,000
Monsanto Fund - Corp Grant	2,500	-	1,409	-	1,091	25,000	26,086	-	5
Central Indiana Ethanol Donation	200	-	-	-	200	20,000	-	-	20,200
Welfare Activities	-	-	-	-	-	1,500	1,500	-	-
Galey Scholarship	8,407	27	800	-	7,634	14	800	-	6,848
Harold M. Dick Scholarship	10,155	35	190	-	10,000	20	500	-	9,520
Robert Huff Scholarship	2,443	10	-	-	2,453	6	250	-	2,209
Janice Phipps Scholarship	340	1	341	-	-	-	-	-	-
Rollins - Paul Scholarship	2,852	1,009	1,000	-	2,861	1,568	1,000	-	3,429
Scholarship - Family/Consumer Science	1,088	186	986	-	288	-	-	-	288
Hazelbaker Foundation	26	55,012	55,012	-	26	69,853	69,833	-	46
Martin Scholarship Fund	-	-	-	-	-	2,413	-	-	2,413
Wellness Grant - USDA Grant	130	-	130	-	-	-	-	-	-
Wellness Grant - NC INS Consortium	10,707	12,375	11,490	-	11,592	-	3,360	-	8,232
Indiana Next Grant	1	-	-	-	1	-	-	-	1
High Ability Grant 2012-2013	5,617	-	5,617	-	-	-	-	-	-
High Ability Grant 2013-2014	-	29,044	11,573	-	17,471	-	17,471	-	-
High Ability Grant 2014-2015	-	-	-	-	-	29,137	4,928	-	24,209
Non-English Speaking Programs P.L. 273-1999	1,157	-	305	-	852	-	82	-	770
School Technology	1,821	223,456	92,176	-	133,101	144,720	183,441	-	94,380
Latch Key	24,073	11,097	14,218	-	20,952	12,582	14,175	-	19,359
School Lunch Banquet	530	460	461	-	529	-	-	-	529
DOE Digital Learning Grant	-	-	-	-	-	26,608	51,004	-	(24,396)
Summitville - College Access Grant	1,000	-	-	-	1,000	-	-	-	1,000
Cape Consortium	62	-	-	-	62	-	-	-	62
Title I - 2012-2013	(47,992)	85,610	37,617	-	1	-	-	-	1
Title I - 2013-2014	-	209,339	230,511	-	(21,172)	87,582	66,410	-	-
Title I - 2014-2015	-	-	-	-	-	198,213	218,852	-	(20,639)
Special Education Improvement Grant	(5,551)	6,854	1,303	-	-	-	-	-	-
Special Education Tech Assist FY2014 Grant	-	-	1,950	-	(1,950)	-	1,347	-	(3,297)
PL 108 2012-2013	(55,671)	96,506	40,835	-	-	64	64	-	-
PL 108 2013-2014	-	233,939	264,896	-	(30,957)	62,437	31,481	-	(1)
PL Part B 14-15	-	-	-	-	-	194,524	223,712	-	(29,188)
Class Size Reduction	(6,821)	49,328	47,425	-	(4,918)	49,380	52,888	-	(8,426)
Clearing - Prepaid Food	8,549	118,412	120,456	-	6,505	29,935	31,190	-	5,250
Clearing - Payroll	36,018	2,221,982	2,225,106	-	32,894	2,025,068	2,017,294	-	40,668
Totals	\$ 4,455,743	\$ 15,974,046	\$ 15,975,627	\$ -	\$ 4,454,162	\$ 15,200,462	\$ 15,473,442	\$ -	\$ 4,181,182

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

MADISON-GRANT UNITED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: 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.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt services.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*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:

*Transfers in.* Amounts 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.* Amounts paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

*G. Fund Accounting*

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for amounts 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 amounts 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.

**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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

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

**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

*Funding Policy and Annual Pension Cost*

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

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

*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. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Various grant funds were overdrawn at June 30, 2014 and 2015, due to the timing of grant reimbursements not being received prior to the fiscal year end.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with Madison-Grant Multi-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 fiscal years 2014 and 2015 totaled \$952,500 and \$1,038,000, respectively.

## OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 School Corporation's Financial Reports 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.

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

	General	Debt Service	Pension Bond Debt Service	Capital Projects	Transportation	Transportation School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 2,032,348	\$ 392,240	\$ 177,949	\$ 561,528	\$ 442,037	\$ 142,040	\$ 370,613	\$ 100,000	\$ 207,353
Receipts:									
Local sources	162,691	835,766	342,123	1,242,758	773,826	160,977	1,562	-	262,033
Intermediate sources	25	-	-	-	-	-	-	-	-
State sources	8,212,116	-	-	-	-	-	-	-	6,992
Federal sources	-	-	-	-	-	-	-	-	386,615
Other receipts	40,562	-	-	2,125	2,614	-	-	-	6,316
Total receipts	8,415,394	835,766	342,123	1,244,883	776,440	160,977	1,562	-	661,956
Disbursements:									
Instruction	4,332,443	-	-	-	-	-	-	-	-
Support services	4,251,348	-	-	846,353	809,758	84,070	-	-	45,805
Noninstructional services	114	-	-	-	-	-	-	-	595,286
Facilities acquisition and construction	3,638	-	-	433,638	-	-	-	-	-
Debt services	-	952,500	322,395	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,587,543	952,500	322,395	1,279,991	809,758	84,070	-	-	641,091
Excess (deficiency) of receipts over disbursements	(172,149)	(116,734)	19,728	(35,108)	(33,318)	76,907	1,562	-	20,865
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	30,000	-	-
Transfers out	-	(8,811)	-	-	(30,000)	-	-	-	-
Total other financing sources (uses)	-	(8,811)	-	-	(30,000)	-	30,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(172,149)	(125,545)	19,728	(35,108)	(63,318)	76,907	31,562	-	20,865
Cash and investments - ending	\$ 1,860,199	\$ 266,695	\$ 197,677	\$ 526,420	\$ 378,719	\$ 218,947	\$ 402,175	\$ 100,000	\$ 228,218

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

	Textbook Rental	Repair and Replacement	Educational License Plates	Alternative Education	Round Robins Award - Liberty	Liberty Community Foundation	Park Community Foundation	Park Donations - Boren	Summitville Community Foundation
Cash and investments - beginning	\$ 9,725	\$ -	\$ 2,150	\$ 5,698	\$ 315	\$ 22	\$ 125	\$ 904	\$ 15
Receipts:									
Local sources	109,208	-	-	-	-	-	-	-	-
Intermediate sources	-	-	131	-	-	-	-	-	-
State sources	47,973	-	-	13,500	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	3,971	4,899	-	-	-	-	-	-	-
Total receipts	161,152	4,899	131	13,500	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	17,948	-	-	-	-	-
Support services	100,813	4,590	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,000	-	-	-	-	-	-
Total disbursements	100,813	4,590	2,000	17,948	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	60,339	309	(1,869)	(4,448)	-	-	-	-	-
Other financing sources (uses):									
Transfers in	8,811	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,811	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	69,150	309	(1,869)	(4,448)	-	-	-	-	-
Cash and investments - ending	\$ 78,875	\$ 309	\$ 281	\$ 1,250	\$ 315	\$ 22	\$ 125	\$ 904	\$ 15

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

	Summitville Psi Iota Xi Award	Summitville - Smith Distributing Donation	Summit- Moorehead Grant	Jr. High Community Foundation	Jr. High Dollar General Literacy	Boren Foundation Donation	Max W. Leisure - Community Foundation	Boren Foundation - Corp Grant	Monsanto Fund - Corp Grant
Cash and investments - beginning	\$ 217	\$ -	\$ -	\$ 3	\$ 1,778	\$ 1,229	\$ -	\$ 5,813	\$ 2,500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	400	-	-	-	-	181	-	-
Total receipts	-	400	-	-	-	-	181	-	-
Disbursements:									
Instruction	-	-	-	-	1,308	-	-	-	-
Support services	-	-	-	-	-	-	5,813	1,409	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	1,308	-	5,813	1,409	-
Excess (deficiency) of receipts over disbursements	-	400	-	-	(1,308)	-	181	(5,813)	(1,409)
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	-	400	-	-	(1,308)	-	181	(5,813)	(1,409)
Cash and investments - ending	\$ 217	\$ 400	\$ -	\$ 3	\$ 470	\$ 1,229	\$ 181	\$ -	\$ 1,091

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

	Central Indiana Ethanol Donation	Welfare Activities	Galey Scholarship	Harold M. Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship	Rollins - Paul Scholarship	Scholarship - Family/ Consumer Science	Hazelbaker Foundation
Cash and investments - beginning	\$ 200	\$ -	\$ 8,407	\$ 10,155	\$ 2,443	\$ 340	\$ 2,852	\$ 1,088	\$ 26
Receipts:									
Local sources	-	-	27	35	10	1	9	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	1,000	186	55,012
Total receipts	-	-	27	35	10	1	1,009	186	55,012
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	800	190	-	341	1,000	986	55,012
Total disbursements	-	-	800	190	-	341	1,000	986	55,012
Excess (deficiency) of receipts over disbursements	-	-	(773)	(155)	10	(340)	9	(800)	-
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	-	-	(773)	(155)	10	(340)	9	(800)	-
Cash and investments - ending	\$ 200	\$ -	\$ 7,634	\$ 10,000	\$ 2,453	\$ -	\$ 2,861	\$ 288	\$ 26

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

	Martin Scholarship Fund	Wellness Grant - USDA Grant	Wellness Grant - NC INS Consortium	Indiana Next Grant	High Ability Grant 2012-2013	High Ability Grant 2013-2014	High Ability Grant 2014-2015	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ -	\$ 130	\$ 10,707	\$ 1	\$ 5,617	\$ -	\$ -	\$ 1,157	\$ 1,821
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	29,044	-	-	223,456
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	12,375	-	-	-	-	-	-
Total receipts	-	-	12,375	-	-	29,044	-	-	223,456
Disbursements:									
Instruction	-	130	8,395	-	1,770	10,665	-	305	-
Support services	-	-	1,197	-	3,847	908	-	-	92,176
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,898	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	130	11,490	-	5,617	11,573	-	305	92,176
Excess (deficiency) of receipts over disbursements	-	(130)	885	-	(5,617)	17,471	-	(305)	131,280
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	-	(130)	885	-	(5,617)	17,471	-	(305)	131,280
Cash and investments - ending	\$ -	\$ -	\$ 11,592	\$ 1	\$ -	\$ 17,471	\$ -	\$ 852	\$ 133,101

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

	Latch Key	School Lunch Banquet	DOE Digital Learning Grant	Summitville - College Access Grant	Cape Consortium	Title I - 2012-2013	Title I - 2013-2014	Title I - 2014-2015	Special Education Improvement Grant
Cash and investments - beginning	\$ 24,073	\$ 530	\$ -	\$ 1,000	\$ 62	\$ (47,992)	\$ -	\$ -	\$ (5,551)
Receipts:									
Local sources	11,097	460	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	85,610	209,339	-	6,854
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	11,097	460	-	-	-	85,610	209,339	-	6,854
Disbursements:									
Instruction	11,526	-	-	-	-	28,970	198,283	-	-
Support services	1,191	48	-	-	-	8,647	32,228	-	1,303
Noninstructional services	1,501	413	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,218	461	-	-	-	37,617	230,511	-	1,303
Excess (deficiency) of receipts over disbursements	(3,121)	(1)	-	-	-	47,993	(21,172)	-	5,551
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,121)	(1)	-	-	-	47,993	(21,172)	-	5,551
Cash and investments - ending	\$ 20,952	\$ 529	\$ -	\$ 1,000	\$ 62	\$ 1	\$ (21,172)	\$ -	\$ -

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

	Special Education Tech Assist FY 2014 Grant	PL 108 2012-2013	PL 108 2013-2014	PL Part B 14-15	Class Size Reduction	Clearing - Prepaid Food	Clearing - Payroll	Totals
Cash and investments - beginning	\$ -	\$ (55,671)	\$ -	\$ -	\$ (6,821)	\$ 8,549	\$ 36,018	\$ 4,455,743
Receipts:								
Local sources	-	-	-	-	-	-	-	3,902,583
Intermediate sources	-	-	-	-	-	-	-	156
State sources	-	-	-	-	-	-	-	8,533,081
Federal sources	-	96,506	233,939	-	49,328	-	-	1,068,191
Other receipts	-	-	-	-	-	118,412	2,221,982	2,470,035
Total receipts	-	96,506	233,939	-	49,328	118,412	2,221,982	15,974,046
Disbursements:								
Instruction	-	26,452	169,957	-	34,909	-	-	4,843,061
Support services	1,950	14,383	94,939	-	12,516	-	-	6,415,292
Noninstructional services	-	-	-	-	-	-	-	597,314
Facilities acquisition and construction	-	-	-	-	-	-	-	439,174
Debt services	-	-	-	-	-	-	-	1,274,895
Nonprogrammed charges	-	-	-	-	-	120,456	2,225,106	2,405,891
Total disbursements	1,950	40,835	264,896	-	47,425	120,456	2,225,106	15,975,627
Excess (deficiency) of receipts over disbursements	(1,950)	55,671	(30,957)	-	1,903	(2,044)	(3,124)	(1,581)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	38,811
Transfers out	-	-	-	-	-	-	-	(38,811)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,950)	55,671	(30,957)	-	1,903	(2,044)	(3,124)	(1,581)
Cash and investments - ending	\$ (1,950)	\$ -	\$ (30,957)	\$ -	\$ (4,918)	\$ 6,505	\$ 32,894	\$ 4,454,162

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015

	General	Debt Service	Pension Bond Debt Service	Capital Projects	Transportation	Transportation School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 1,860,199	\$ 266,695	\$ 197,677	\$ 526,420	\$ 378,719	\$ 218,947	\$ 402,175	\$ 100,000	\$ 228,218
Receipts:									
Local sources	48,003	1,107,573	317,253	1,156,925	758,629	115,052	1,212	-	226,077
Intermediate sources	81	-	-	-	-	-	-	-	-
State sources	7,892,780	-	-	-	-	-	-	-	6,952
Federal sources	-	-	-	-	-	-	-	-	335,541
Other receipts	27,904	-	-	-	-	-	-	-	7,201
Total receipts	<u>7,968,768</u>	<u>1,107,573</u>	<u>317,253</u>	<u>1,156,925</u>	<u>758,629</u>	<u>115,052</u>	<u>1,212</u>	<u>-</u>	<u>575,771</u>
Disbursements:									
Instruction	4,131,784	-	-	-	-	-	-	-	-
Support services	3,955,821	-	-	712,547	740,872	155,950	-	-	47,363
Noninstructional services	-	-	-	-	-	-	-	-	564,567
Facilities acquisition and construction	46,110	-	-	468,120	-	-	-	84,367	-
Debt services	1	1,038,000	325,543	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>8,133,716</u>	<u>1,038,000</u>	<u>325,543</u>	<u>1,180,667</u>	<u>740,872</u>	<u>155,950</u>	<u>-</u>	<u>84,367</u>	<u>611,930</u>
Excess (deficiency) of receipts over disbursements	<u>(164,948)</u>	<u>69,573</u>	<u>(8,290)</u>	<u>(23,742)</u>	<u>17,757</u>	<u>(40,898)</u>	<u>1,212</u>	<u>(84,367)</u>	<u>(36,159)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	75,000	-	-
Transfers out	-	(17,203)	-	(25,000)	(50,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(17,203)</u>	<u>-</u>	<u>(25,000)</u>	<u>(50,000)</u>	<u>-</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(164,948)</u>	<u>52,370</u>	<u>(8,290)</u>	<u>(48,742)</u>	<u>(32,243)</u>	<u>(40,898)</u>	<u>76,212</u>	<u>(84,367)</u>	<u>(36,159)</u>
Cash and investments - ending	<u>\$ 1,695,251</u>	<u>\$ 319,065</u>	<u>\$ 189,387</u>	<u>\$ 477,678</u>	<u>\$ 346,476</u>	<u>\$ 178,049</u>	<u>\$ 478,387</u>	<u>\$ 15,633</u>	<u>\$ 192,059</u>

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Textbook Rental	Repair and Replacement	Educational License Plates	Alternative Education	Round Robins Award - Liberty	Liberty Community Foundation	Park Community Foundation	Park Donations - Boren	Summitville Community Foundation
Cash and investments - beginning	\$ 78,875	\$ 309	\$ 281	\$ 1,250	\$ 315	\$ 22	\$ 125	\$ 904	\$ 15
Receipts:									
Local sources	96,162	-	-	-	-	-	-	-	-
Intermediate sources	-	-	113	-	-	-	-	-	-
State sources	46,816	-	-	16,375	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	2,287	7,902	-	-	-	-	-	-	-
Total receipts	145,265	7,902	113	16,375	-	-	-	-	-
Disbursements:									
Instruction	-	50	-	12,500	-	-	-	-	-
Support services	165,898	4,220	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	165,898	4,270	-	12,500	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(20,633)	3,632	113	3,875	-	-	-	-	-
Other financing sources (uses):									
Transfers in	17,203	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	17,203	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,430)	3,632	113	3,875	-	-	-	-	-
Cash and investments - ending	\$ 75,445	\$ 3,941	\$ 394	\$ 5,125	\$ 315	\$ 22	\$ 125	\$ 904	\$ 15

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Summitville Psi Iota Xi Award	Summitville - Smith Distributing Donation	Summit- Moorehead Grant	Jr. High Community Foundation	Jr. High Dollar General Literacy	Boren Foundation Donation	Max W. Leisure - Community Foundation	Boren Foundation - Corp Grant	Monsanto Fund - Corp Grant
Cash and investments - beginning	\$ 217	\$ 400	\$ -	\$ 3	\$ 470	\$ 1,229	\$ 181	\$ -	\$ 1,091
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	2,000	-	-	-	-	47,000	25,000
Total receipts	-	-	2,000	-	-	-	-	47,000	25,000
Disbursements:									
Instruction	-	-	1,930	-	131	-	-	-	26,086
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,930	-	131	-	-	-	26,086
Excess (deficiency) of receipts over disbursements	-	-	70	-	(131)	-	-	47,000	(1,086)
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	-	-	70	-	(131)	-	-	47,000	(1,086)
Cash and investments - ending	\$ 217	\$ 400	\$ 70	\$ 3	\$ 339	\$ 1,229	\$ 181	\$ 47,000	\$ 5

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Central Indiana Ethanol Donation	Welfare Activities	Galey Scholarship	Harold M. Dick Scholarship	Robert Huff Scholarship	Janice Phipps Scholarship	Rollins - Paul Scholarship	Scholarship - Family/ Consumer Science	Hazelbaker Foundation
Cash and investments - beginning	\$ 200	\$ -	\$ 7,634	\$ 10,000	\$ 2,453	\$ -	\$ 2,861	\$ 288	\$ 26
Receipts:									
Local sources	-	-	14	20	6	-	8	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	20,000	1,500	-	-	-	-	1,560	-	69,853
Total receipts	20,000	1,500	14	20	6	-	1,568	-	69,853
Disbursements:									
Instruction	-	1,500	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	800	500	250	-	1,000	-	69,833
Total disbursements	-	1,500	800	500	250	-	1,000	-	69,833
Excess (deficiency) of receipts over disbursements	20,000	-	(786)	(480)	(244)	-	568	-	20
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	20,000	-	(786)	(480)	(244)	-	568	-	20
Cash and investments - ending	\$ 20,200	\$ -	\$ 6,848	\$ 9,520	\$ 2,209	\$ -	\$ 3,429	\$ 288	\$ 46

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Martin Scholarship Fund	Wellness Grant - USDA Grant	Wellness Grant - NC INS Consortium	Indiana Next Grant	High Ability Grant 2012-2013	High Ability Grant 2013-2014	High Ability Grant 2014-2015	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ -	\$ -	\$ 11,592	\$ 1	\$ -	\$ 17,471	\$ -	\$ 852	\$ 133,101
Receipts:									
Local sources	3	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	29,137	-	144,720
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	2,410	-	-	-	-	-	-	-	-
Total receipts	2,413	-	-	-	-	-	29,137	-	144,720
Disbursements:									
Instruction	-	-	2,700	-	-	11,186	4,407	82	-
Support services	-	-	660	-	-	6,285	521	-	183,441
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	3,360	-	-	17,471	4,928	82	183,441
Excess (deficiency) of receipts over disbursements	2,413	-	(3,360)	-	-	(17,471)	24,209	(82)	(38,721)
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	2,413	-	(3,360)	-	-	(17,471)	24,209	(82)	(38,721)
Cash and investments - ending	\$ 2,413	\$ -	\$ 8,232	\$ 1	\$ -	\$ -	\$ 24,209	\$ 770	\$ 94,380

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Latch Key	School Lunch Banquet	DOE Digital Learning Grant	Summitville - College Access Grant	Cape Consortium	Title I - 2012-2013	Title I - 2013-2014	Title I - 2014-2015	Special Education Improvement Grant
Cash and investments - beginning	\$ 20,952	\$ 529	\$ -	\$ 1,000	\$ 62	\$ 1	\$ (21,172)	\$ -	\$ -
Receipts:									
Local sources	12,582	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	26,608	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	87,582	198,213	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	12,582	-	26,608	-	-	-	87,582	198,213	-
Disbursements:									
Instruction	11,522	-	-	-	-	-	53,351	181,311	-
Support services	979	-	22,896	-	-	-	8,114	37,541	-
Noninstructional services	1,674	-	-	-	-	-	4,945	-	-
Facilities acquisition and construction	-	-	28,108	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,175	-	51,004	-	-	-	66,410	218,852	-
Excess (deficiency) of receipts over disbursements	(1,593)	-	(24,396)	-	-	-	21,172	(20,639)	-
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	(1,593)	-	(24,396)	-	-	-	21,172	(20,639)	-
Cash and investments - ending	\$ 19,359	\$ 529	\$ (24,396)	\$ 1,000	\$ 62	\$ 1	\$ -	\$ (20,639)	\$ -

MADISON-GRANT UNITED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2015  
 (Continued)

	Special Education Tech Assist FY 2014 Grant	PL 108 2012-2013	PL 108 2013-2014	PL Part B 14-15	Class Size Reduction	Clearing - Prepaid Food	Clearing - Payroll	Totals
Cash and investments - beginning	\$ (1,950)	\$ -	\$ (30,957)	\$ -	\$ (4,918)	\$ 6,505	\$ 32,894	\$ 4,454,162
Receipts:								
Local sources	-	-	-	-	-	-	-	3,839,519
Intermediate sources	-	-	-	-	-	-	-	194
State sources	-	-	-	-	-	-	-	8,163,388
Federal sources	-	64	62,437	194,524	49,380	-	-	927,741
Other receipts	-	-	-	-	-	29,935	2,025,068	2,269,620
Total receipts	-	64	62,437	194,524	49,380	29,935	2,025,068	15,200,462
Disbursements:								
Instruction	-	64	20,894	169,714	39,679	-	-	4,668,891
Support services	1,347	-	10,587	53,998	13,209	-	-	6,122,249
Noninstructional services	-	-	-	-	-	-	-	571,186
Facilities acquisition and construction	-	-	-	-	-	-	-	626,705
Debt services	-	-	-	-	-	-	-	1,363,544
Nonprogrammed charges	-	-	-	-	-	31,190	2,017,294	2,120,867
Total disbursements	1,347	64	31,481	223,712	52,888	31,190	2,017,294	15,473,442
Excess (deficiency) of receipts over disbursements	(1,347)	-	30,956	(29,188)	(3,508)	(1,255)	7,774	(272,980)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	92,203
Transfers out	-	-	-	-	-	-	-	(92,203)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,347)	-	30,956	(29,188)	(3,508)	(1,255)	7,774	(272,980)
Cash and investments - ending	\$ (3,297)	\$ -	\$ (1)	\$ (29,188)	\$ (8,426)	\$ 5,250	\$ 40,668	\$ 4,181,182

MADISON-GRANT UNITED SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Madison-Grant Multi-School Building Corporation	Lease for Bond 2003/2014B	\$ 374,000	2/26/2014	12/31/2018
Madison-Grant Multi-School Building Corporation	Lease for Bond 2012 (Park A)	141,500	6/28/2012	12/31/2032
Madison-Grant Multi-School Building Corporation	Lease for Bond 2013 (Summit A)	140,500	2/5/2013	12/31/2032
Madison-Grant Multi-School Building Corporation	Lease for Bond 2013 (Park B)	145,500	12/17/2013	6/30/2033
Madison-Grant Multi-School Building Corporation	Lease for Bond 2013 (Summit C)	151,000	12/24/2013	6/30/2033
Madison-Grant Multi-School Building Corporation	Lease for Bond 2014 (Jr/Sr High A)	<u>145,500</u>	2/26/2014	12/31/2033
Total of annual lease payments		<u>\$ 1,098,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Debt Bonds	<u>\$ 1,715,000</u>	<u>\$ 327,846</u>

MADISON-GRANT UNITED SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2015

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>Ending Balance</u>
Governmental activities:	
Land	\$ 19,200
Buildings	26,196,810
Improvements other than buildings	4,553,249
Machinery, equipment, and vehicles	<u>4,444,274</u>
Total capital assets	<u><u>\$ 35,213,533</u></u>

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Madison-Grant United School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-004 and 2015-006. Our opinion on each major federal program is not modified with respect to these matters.

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.

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 a 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 2015-003, 2015-004, 2015-005, and 2015-006 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

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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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MADISON-GRANT UNITED SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2014 and 2015

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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
			FY 13-14	\$ 66,223	\$ -
			FY 14-15	-	58,168
				<u>66,223</u>	<u>58,168</u>
Total - School Breakfast Program					
National School Lunch Program	Indiana Department of Education	10.555			
Commodities			FY 13-14	320,392	-
			FY 13-14	43,458	-
			FY 14-15	-	278,568
			FY 14-15	-	46,316
				<u>363,850</u>	<u>324,884</u>
Total - National School Lunch Program					
Total - Child Nutrition Cluster					
Total - Department of Agriculture					
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027			
			14213-021-PN01	96,506	64
			14214-021-PN01	233,939	62,437
			14215-021-PN01	-	194,524
			A58-3-13DL-1438	6,854	-
				<u>337,299</u>	<u>257,025</u>
Total - Special Education_Grants to State					
Special Education_Preschool Grants	Indiana Department of Education	84.173			
			45713-021-PN01	9,000	-
			45714-021-PN01	-	8,537
			45715-021-PN01	-	8,332
				<u>9,000</u>	<u>16,869</u>
Total - Special Education_Preschool Grants					
Total - Special Education Cluster (IDEA)					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
			13-2825	85,610	-
			14-2825	209,339	87,582
			15-2825	-	198,213
				<u>294,949</u>	<u>285,795</u>
Total - Title I Grants to Local Educational Agencies					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
			13-2825	48,219	-
			14-2825	1,110	49,380
				<u>49,329</u>	<u>49,380</u>
Total - Improving Teacher Quality State Grants					
Total - Department of Education					
Total federal awards expended				<u>\$ 1,120,650</u>	<u>\$ 992,121</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-133, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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

**Section I - Summary of Auditor's Results**

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit finding(s) disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Program(s):

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies 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 2015-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

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 Treasurer prepared the SEFA without any oversight, review, or approval process or other control to ensure its accuracy.

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

*Context*

There were the following errors: federal expenditures were incorrectly reported; and, for some federal grant awards, expenditures and information, such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number, were omitted or incorrect. Total federal expenditures for fiscal years 2013-2014 and 2014-2015 were incorrectly reported with total expenditures being understated by \$9,000 and \$16,869, respectively. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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.

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

- (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."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected. The SEFA contained the errors identified in the *Context*.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**FINDING 2015-002 - FINANCIAL TRANSACTIONS AND REPORTING**

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had not separated incompatible activities related to cash reconcilements and receipts. The School Corporation Treasurer completed all aspects of the bank reconcilements of School Corporation funds, and all activities related to the receipting of School Corporation funds without any additional monitoring or other controls in place.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management of the School Corporation had not established a proper system of internal control that would have ensured accuracy in financial transactions and reporting.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, CASH  
MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-021-PN01, 14214-021-PN01,  
14215-021-PN01, 45713-021-PN01,  
45714-021-PN01, 45715-021-PN01,  
A58-3-13DL-1438

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting.

Activities Allowed or Unallowed - For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Special Education grants were allowed.

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

Cash Management, Period of Availability, and Reporting - For fiscal years 2013-2014 and 2014-2015, the Treasurer was the only employee involved in the preparation and submission of the Requests for Reimbursement for Special Education grants. There was no control in place for the review of Requests for Reimbursement by another employee prior to submission to the Grant County Special Education Cooperative (Cooperative). At the Cooperative, for fiscal year 2013-2014, Requests for Reimbursement were not reviewed prior to submission to the Indiana Department of Education (IDOE). For fiscal years 2013-2014 and 2014-2015, there was no review of the Final Financial Report at the School Corporation prior to submission to the Cooperative, and there was no review at the Cooperative before the Final Financial Report was submitted to the IDOE.

*Context*

These were systemic issues applicable to all payrolls and Final Financial Reports during the audit period and to all Requests for Reimbursement sent from the School Corporation to the Cooperative during the audit period, but only the 2013-2014 Requests for Reimbursement sent from the Cooperative to the IDOE.

*Criteria*

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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system could have enabled material noncompliance to go undetected. A lack of segregation of duties within an internal control system could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

**FINDING 2015-004 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-021-PN01, 14214-021-PN01,  
14215-021-PN01, 45713-021-PN01,  
45714-021-PN01, 45715-021-PN01,  
A58-3-13DL-1438

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Special Education grants were allowed. Also, for fiscal years 2013-2014 and 2014-2015, there was no employee responsible for reviewing personnel activity reports or Semi-Annual Certifications, nor were the personnel activity reports or Semi-Annual Certifications completed for any of the Special Education employees.

*Context*

This was a systemic issue applicable to all payrolls and all Special Education employees throughout the audit period.

*Criteria*

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. . . ."

OMB Circular A-87, Attachment B, paragraph 8(h) states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

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(Continued)

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

***FINDING 2015-005 - ACTIVITIES ALLOWED OR UNALLOWED, CASH  
MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 13-2825, 14-2825, 15-2825

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Period of Availability, and Reporting.

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

Activities Allowed or Unallowed - For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Title I Grants to Local Educational Agencies were allowed.

Cash Management, Period of Availability, and Reporting - For fiscal years 2013-2014 and 2014-2015, the School Corporation Treasurer was the only employee involved in the preparation and submission of Requests for Reimbursement. There was no control in place for the review of Requests for Reimbursement by another employee prior to submission to the Indiana Department of Education.

*Context*

These were systemic issues applicable to all payrolls and Requests for Reimbursement throughout the audit period.

*Criteria*

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. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system could have enabled material non-compliance to go undetected. A lack of segregation of duties within an internal control system could have allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

**FINDING 2015-006 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Educational Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 13-2825, 14-2825, 15-2825  
Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system, which would include segregation of duties, was not in place to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

For fiscal years 2013-2014 and 2014-2015, there was no control in place to review payroll in order to verify that all employees paid from Title I Grants to Local Educational Agencies were allowed. Also, for fiscal years 2013-2014 and 2014-2015, there was no employee responsible for reviewing personnel activity reports or Semi-Annual Certifications, nor were the personnel activity reports or Semi-Annual Certifications completed for any of the Title I Grants to Local Educational employees.

*Context*

This was a systemic issues applicable to all payrolls and all Title I Grants to Local Educational Agencies employees throughout the audit period.

*Criteria*

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. . . ."

OMB Circular A-87, Attachment B, paragraph 8(h) states in part:

". . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,

MADISON-GRANT UNITED SCHOOL CORPORATION  
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(Continued)

- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management had not developed a system of internal controls that segregated key functions.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

# MADISON-GRANT UNITED SCHOOL CORPORATION

11580 S E 00W  
FAIRMOUNT, IN 46928  
Phone: 765-948-4143

Scott Deetz, Ph. D., Superintendent  
Steve Vore, Assistant to the Superintendent  
Tarinna Morris, Business Director

Casi Beal, Human Resources  
Kristy Drewitz, Transportation Coordinator/Business Assistant  
Teresa Riggs, Payroll/Personnel Coordinator

## MADISON GRANT UNITED SCHOOL CORPORATION CORRECTIVE ACTION PLAN

Date of Response: April 14, 2017

Name of contact person responsible for all corrective action: Tarinna Morris, Business Director

### FINDING 2015-001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Federal expenditures were incorrectly reported on the SEFA and some information such as grantor agency, program title, pass-through entity, Catalog of Federal domestic Assistance (CFDA) number and pass-through identifying number were omitted or incorrect. Federal expenditures for 2013-14 were understated by \$9,000 and Federal expenditures for 2014-15 were understated by \$16,869.

**CORRECTIVE ACTION:** The grantor agency, program title, pass-through entity, Catalog of Federal domestic Assistance (CFDA) number and pass-through identifying number will be corrected on the June 30, 2017 SEFA.

**CORRECTIVE ACTION:** Beginning with the SEFA completed after June 30, 2017, the Business Director will complete the SEFA, verify the information and enter on the SEFA report. Prior to submission of the SEFA report the Business Director will then give the SEFA as well as all supporting documentation to another staff member to review and verify for accuracy. The staff member and Business Director will sign and date a copy of the submitted SEFA verifying it has been reviewed for accuracy.

### FINDING 2015-002 FINANCIAL TRANSACTIONS AND REPORTING

For the audit period July 1, 2013 through June 30, 2015 the Corporation Treasurer completed all aspects of the bank reconciliation of the School Corporation funds without additional monitoring or controls in place.

**CORRECTIVE ACTION:** Beginning April 2017 the Business Director will train the Human Resource employee to enter receipts and prepare deposit slips. The Business Director (or in her absence the Payroll/Personnel Coordinator/Deputy Treasurer) will verify for accuracy and take deposits to the bank.

**CORRECTIVE ACTION:** In January 2016 the Business Assistant began processing purchase orders, entering accounts payable and payroll claims. The Business Director verifies the purchase order and accounts payable edits prior to checks being issued and transactions updated. After updating, the Business Director verifies the fund, bank and daily cash balance spreadsheet are all in balance.

**CORRECTIVE ACTION:** Beginning April 2017 the Business Director will prepare the bank reconciliation at the end of each month. The Payroll/Personnel Coordinator/Deputy Treasurer will verify the accuracy of the reconciliation. Both the Business

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Director and the Payroll/Personnel Coordinator/Deputy Treasurer will sign and date the bank reconciliation verifying the accuracy.

#### **FINDING 2015-003 ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, PERIOD OF AVAILABILITY, AND REPORTING**

**ACTIVITIES ALLOWED OR UNALLOWED:** For fiscal years 2013-14 and 2014-15 there were no controls in place to review payroll and verify all employees paid from Special Education grants were allowed.

**CORRECTIVE ACTION:** Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month they were paid from the grant. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

**CASH MANAGEMENT:** For fiscal years 2013-14 and 2014-15 the Treasurer was the only employee involved in the preparation and submission of the Request for Reimbursements forms and the Final Financial Report.

**CORRECTIVE ACTION:** Beginning in April 2016 the Business Director completes the Request for Reimbursement and submits to the Superintendent along with supporting documentation for review and verification. The Business Director and Superintendent will sign and date the Request for Reimbursement prior to submission.

**CORRECTIVE ACTION:** Beginning April 2017 Final Financial Reports will be completed by the Business Director and given to the Superintendent, along with supporting documentation, for review and verification prior to submission. The Business Director and Superintendent will sign off on the Final Financial Report.

#### **FINDING 2015-004 ALLOWABLE COSTS/COST PRINCIPLES**

For the fiscal years 2013-14 and 2014-15 there were controls in place to review payroll to verify that all employees paid from the Special Education grants were allowed. Also for fiscal years 2013-14 and 2014-15 there was no employee responsible for reviewing Time and Effort Logs or Semi-Annual Certifications.

**CORRECTIVE ACTION:** Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period they were paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

**CORRECTIVE ACTION:** Beginning December 2016 the Business Director prepared Time and Effort Logs and Semi-Annual Certifications for verification by the employee who oversees the grant. If the employee agrees with the reports they will sign, date and return. If there is a discrepancy they will notify the Business Director who will investigate, correct and return to the employee for approval. The approved Time and Effort Logs and Semi-Annual Certifications will be placed in the appropriate grant file.

#### **FINDING 2015-005 ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, PERIOD OF AVAILABILITY AND REPORTING**

**ACTIVITIES ALLOWED OR UNALLOWED:** For fiscal years 2013-14 and 2014-15, there were no controls in place to review payroll and verify all employees paid from Title I Grants to Local Educational Agencies were allowed.

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COORECTIVE ACTION: Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period the employee was paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

CASH MANAGEMENT, PERIOD OF AVAILABILITY AND REPORTING: For fiscal years 2013-14 and 2014-15 the Treasurer was the only employee involved in the preparation and submission of Requests for Reimbursement for Title I grants. There was no review of Request for Reimbursement by another employee before they were submitted to the Indiana Department of Education.

COORECTIVE ACTION: Beginning in April 2016 the Business Director completes the Request for Reimbursement and submits to the Superintendent along with supporting documentation for review and verification. The Business Director and Superintendent will sign and date the Request for Reimbursement prior to submission.

**FINDING 2015-006 ALLOWABLE COSTS/COST PRINCIPLES**

For fiscal years 2014 and 2015 there were no controls in place to review payroll and verify that all employees paid from Title I Grants to Local Educational Agencies were allowed. Also, for fiscal year 2014 and 2015, there was no employee responsible for reviewing Time and Effort Logs or Semi-Annual Certifications. During fiscal years 2013-14 and 2014-15, the School Corporation failed to complete Time and Effort Certifications or Semi-Annual Certifications for any of their Title I employees.

COORECTIVE ACTION: Beginning in March 2017, the Business Director created spreadsheets for each Federal grant. The spreadsheets list each employee who is to be paid from the grant and a box to check for each month of the grant period the employee was paid. The Business Director will run an employee by distribution list at the end of each month to complete the spreadsheet. The list will be added to the grant file. At the end of the grant, the spreadsheet will be added to the grant file. Any employees who are added or deleted throughout the year will be noted at the bottom of the spreadsheet for historical purposes.

CORRECTIVE ACTION: Beginning December 2016 the Business Director prepared Time and Effort Logs and Semi-Annual Certifications for verification by the employee who oversees the grant. If the employee agrees with the reports they will sign, date and return. If there is a discrepancy they will notify the Business Director who will investigate, correct and return to the employee for approval. The approved Time and Effort Logs and Semi-Annual Certifications will be placed in the appropriate grant file.

  
Superintendent Signature

Superintendent  
Title

04/14/17  
Date

#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.