

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MADISON CONSOLIDATED SCHOOLS
JEFFERSON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
07/08/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Danica Houze	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Ginger Studebaker-Bolinger	07-01-14 to 06-13-17
	William H. Narworld (interim)	06-14-17 to 11-30-17
	Dr. Jeffery T. Studebaker (interim)	12-01-17 to 06-30-18
	Dr. Jeffery T. Studebaker	07-01-18 to 06-30-21
President of the School Board	Todd Bass	01-01-14 to 12-31-14
	Joyce Imel	01-01-15 to 12-31-17
	Carl Glesing	01-01-18 to 12-31-18
	Rob Kring	01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MADISON CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Madison Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

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 May 22, 2019, 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 solely 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 effectiveness of the School Corporation's 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

May 22, 2019



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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 CONSOLIDATED SCHOOLS, JEFFERSON 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 Consolidated Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated May 22, 2019, 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.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider to be a material weakness.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001.

Madison Consolidated Schools' 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

May 22, 2019

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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.

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 7,786,678	\$ 18,844,515	\$ 18,278,445	\$ (1,716,890)	\$ 6,635,858	\$ 18,400,099	\$ 18,849,883	\$ (1,278,525)	\$ 4,907,549
Debt Service	1,704,094	3,003,799	3,086,378	-	1,621,515	2,891,238	3,197,328	207,582	1,523,007
Capital Projects	4,662,553	3,181,320	2,479,689	-	5,364,184	3,280,996	3,727,366	27,084	4,944,898
School Transportation	1,153,449	1,900,110	1,438,122	(188,500)	1,426,937	1,891,006	1,514,913	(245,000)	1,558,030
School Bus Replacement	372,537	439,981	403,357	-	409,161	451,860	745,610	-	115,411
Rainy Day	2,678,000	-	-	1,895,000	4,573,000	-	1,027,657	1,445,000	4,990,343
HS Construction	1,945,428	-	1,651,546	-	293,882	-	216,848	-	77,034
Safety/Security Construction	1,960,137	-	457,004	-	1,503,133	-	875,365	-	627,768
HS Gym	-	-	-	-	-	-	692,711	2,000,000	1,307,289
HS Auditorium	-	-	-	-	-	-	755	-	(755)
School Lunch	1,440,480	1,350,600	1,808,759	-	982,321	1,340,315	1,472,333	-	850,303
Textbook Rental	12,338	540,811	649,013	99,134	3,270	517,441	568,515	48,000	196
Child Care Program 17/18	-	-	-	-	-	23,828	19,293	-	4,535
Child Care Program	18,453	321,641	347,881	16,890	9,103	446,976	495,893	44,000	4,186
Alternative Education	49,720	-	34,696	-	15,024	5,702	20,726	-	-
Safe Haven 15-16	(2,076)	2,738	542	-	120	-	120	-	-
Safe Haven 16-17	-	15,730	16,163	-	(433)	2,053	1,620	-	-
Safe Haven 17-18	-	-	-	-	-	8,051	15,565	-	(7,514)
Early Intervention Grant	-	12,735	12,735	-	-	-	-	-	-
Early Intervention Grant 17-18	-	-	-	-	-	12,158	12,151	-	7
Comp Counsel Initiative Grant	-	30,000	20,560	-	9,440	-	9,440	-	-
Employee Recogn / Learning Place	35,011	18,534	10,514	-	43,031	18,000	15,093	-	45,938
Reading Recovery Sit Training	1,394	-	1,394	-	-	-	-	-	-
Instructional Support	23,716	8,161	4,500	-	27,377	14,589	1,975	-	39,991
Breakfast & Lunch Ass't	30	-	-	-	30	-	-	-	30
MCSC Foundation LP Donation	65,651	258,021	47,536	-	276,136	405,713	52,900	-	628,949
EOM Community Foundation	-	-	-	-	-	7,983	7,640	-	343
Alumni Association Donations	-	245	-	-	245	100	66	-	279
Spec Ed Community Foundation	-	-	-	-	-	2,300	810	-	1,490
Duke Grant	20,462	1,800	20,735	-	1,527	-	1,527	-	-
MCEDC-Community Foundation	5,085	(5,085)	-	-	-	-	-	-	-
ECO15-CUB Manufacturing	-	58,450	-	-	58,450	-	58,450	-	-
Early Learning Grant	49,387	-	48,510	-	877	-	877	-	-
Scholarships and Awards	33,363	1,165	1,675	-	32,853	19	1,725	-	31,147
Miscellaneous Programs	3,453	-	3,453	-	-	-	-	-	-
GED	97	-	97	-	-	-	-	-	-
Cub Field Renovation Donation	962	-	962	-	-	-	-	-	-
Employee Benefit Fund	2,589,302	-	-	-	2,589,302	-	101,827	-	2,487,475
Insurance Fund	77,060	39	-	-	77,099	46	-	-	77,145
4-Community Grant	357	-	357	-	-	-	-	-	-
Formative Assessment	-	34,316	34,316	-	-	32,197	32,197	-	-
Driver's Education	45,033	18,386	33,445	-	29,974	72,970	32,777	-	70,167
Skill Up-Manufacturing	-	59,536	81,034	-	(21,498)	32,464	10,966	-	-
Skill Up Grant-Counseling	-	40,491	-	-	40,491	19,509	-	-	60,000
Extra-Curricular Activities	(780)	2,075	2,535	-	(1,240)	10,323	9,235	-	(152)
NESP-NonEnglish Speaking 15/16	13,974	(3,905)	7,537	-	2,532	(2,532)	-	-	-
NESP 16-17	-	7,597	4,648	-	2,949	2,532	5,481	-	-

MADISON CONSOLIDATED SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH
AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
NESP 17-18	-	-	-	-	-	9,750	2,334	-	7,416
State Connectivity Grant 15-16	84	6,308	-	-	6,392	7,770	-	-	14,162
Technology Plan Buddy	-	-	-	-	-	-	-	-	-
Elearning Digital Grant	(17,297)	76,404	90,840	-	(31,733)	88,886	90,739	-	(33,586)
Career and Technical Performance Grant	-	16,031	16,031	-	-	8,649	4,239	-	4,410
Performance Based Awards	1,234	-	1,234	-	-	-	-	-	-
Performance Award	1,318	95,009	96,327	-	-	79,408	79,408	-	-
Miscellaneous Programs	-	-	70	-	(70)	5,400	8,834	-	(3,504)
Econ. Development	2,938	125,000	135,006	-	(7,068)	49,400	41,584	-	748
DWD Indiana Career Explorer PD	-	-	-	-	-	4,992	570	-	4,422
Lilly Endowment	-	-	-	-	-	205,000	-	-	205,000
Secured Sch Safety Grant 14-16	(49,951)	49,930	(21)	-	-	-	-	-	-
Safety Grant	-	50,000	50,000	-	-	-	-	-	-
Safety/Security Grant	-	-	30,000	-	(30,000)	50,000	20,000	-	-
Safety/Security Grant 17-18	-	-	-	-	-	-	15,000	-	(15,000)
WHAS Crusade for Children	-	-	12,911	-	(12,911)	14,512	15,940	-	(14,339)
Senator David Ford Technology	-	-	-	-	-	-	16,000	-	(16,000)
Elearning Admin Academy Grant	633	-	445	-	188	-	188	-	-
DOE Spec Ed Contract	(14,488)	84,012	72,614	-	(3,090)	82,015	78,925	-	-
Title I 15-16	(270,655)	347,601	76,946	-	-	-	-	-	-
Title I 16-17	-	-	571,820	-	(571,820)	649,108	77,288	-	-
Title I 17-18	-	-	-	-	-	348,638	493,651	-	(145,013)
1003A SIG EOM 16-17	-	-	225	-	(225)	31,354	31,129	-	-
1003A SIG Jr High 16-17	-	-	2,392	-	(2,392)	36,585	34,193	-	-
Stewart Homeless Assistance Act	-	1,457	1,457	-	-	3,543	5,905	-	(2,362)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	281,402	450,979	-	(169,577)
Part B 611 FY15	(109,580)	130,037	20,457	-	-	-	-	-	-
611 Part B FY16	(666,342)	905,503	239,161	-	-	-	-	-	-
611 Part B FY 17	-	-	696,017	-	(696,017)	927,312	231,295	-	-
Part B 619 FY18	(33,879)	34,796	917	-	-	-	13,790	-	(13,790)
Part B 619 FY16	(16,432)	34,666	18,234	-	-	-	-	-	-
Part B 619 FY 17	-	-	-	-	-	33,062	40,249	-	(7,187)
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	16,859	-	(16,859)
Title II 14-16	(95,234)	132,829	37,595	-	-	-	1,652	-	(1,652)
Title II FY 15 15-17	(29,858)	25,899	111,754	-	(115,713)	142,073	26,360	-	-
Title II 16-18	-	-	69,947	-	(69,947)	132,338	71,151	-	(8,760)
Rural Schools and Low Income Program - Pass Through State	(1,822)	1,822	-	-	-	-	-	-	-
Title III 14-16	3,931	-	3,931	-	-	-	-	-	-
Title III 15-17	(1,200)	-	3,573	-	(4,773)	4,773	2,164	-	(2,164)
Title III 16-18	-	-	-	-	-	-	3,208	-	(3,208)
Title III 17-19	-	-	-	-	-	-	3,250	-	(3,250)
Prepaid Food	25,144	500,938	450,147	-	75,935	503,701	553,856	-	25,780
Payroll Clearing	143,113	9,592,106	9,574,090	-	161,129	9,353,459	9,388,012	-	126,576
Totals	\$ 25,617,005	\$ 42,354,154	\$ 43,372,258	\$ 105,634	\$ 24,704,535	\$ 42,941,066	\$ 45,616,390	\$ 2,248,141	\$ 24,277,352

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

MADISON CONSOLIDATED SCHOOLS
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 CONSOLIDATED SCHOOLS
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 service. 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:

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

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 CONSOLIDATED SCHOOLS
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. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of posting errors.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants with the reimbursement for expenditures made by the School Corporation not received by June 30th. The Extra-Curricular Activities fund is used as a clearing account for payroll payments to employees for extracurricular duties and is reimbursed by the extracurricular. A reimbursement payment to the School Corporation from the extracurricular was not made timely.

MADISON CONSOLIDATED SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Lydia Middleton 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 fiscal years ending June 30, 2017 and 2018, totaled \$1,752,000 and \$1,750,000, respectively.

Note 10. Subsequent Events

In November 2018, the School Corporation entered into a capital lease with Madison Consolidated School Building Corporation for the renovation of and improvement to Madison Consolidated High School. Semiannual lease payments will range from \$76,000 to \$1,603,000 with payments totaling \$5,435,000 and the first payment due on June 30, 2019.

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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 Indiana Gateway for Government Units 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 CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	HS Construction
Cash and investments - beginning	\$ 7,786,678	\$ 1,704,094	\$ 4,662,553	\$ 1,153,449	\$ 372,537	\$ 2,678,000	\$ 1,945,428
Receipts:							
Local sources	216,596	3,003,799	3,181,086	1,818,294	439,981	-	-
Intermediate sources	68	-	-	-	-	-	-
State sources	18,625,730	-	-	-	-	-	-
Federal sources	-	-	-	72,001	-	-	-
Other Receipts	2,121	-	234	9,815	-	-	-
Total receipts	18,844,515	3,003,799	3,181,320	1,900,110	439,981	-	-
Disbursements:							
Instruction	12,291,336	-	-	-	-	-	-
Support services	5,696,410	-	1,618,916	1,438,122	403,357	-	-
Noninstructional services	214,726	-	-	-	-	-	-
Facilities acquisition and construction	75,973	-	860,773	-	-	-	34,294
Debt service	-	3,086,378	-	-	-	-	1,617,252
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	18,278,445	3,086,378	2,479,689	1,438,122	403,357	-	1,651,546
Excess (deficiency) of receipts over disbursements	566,070	(82,579)	701,631	461,988	36,624	-	(1,651,546)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	6,500	-	-	-
Transfers in	-	-	-	-	-	1,895,000	-
Transfers out	(1,716,890)	-	-	(195,000)	-	-	-
Total other financing sources (uses)	(1,716,890)	-	-	(188,500)	-	1,895,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,150,820)	(82,579)	701,631	273,488	36,624	1,895,000	(1,651,546)
Cash and investments - ending	\$ 6,635,858	\$ 1,621,515	\$ 5,364,184	\$ 1,426,937	\$ 409,161	\$ 4,573,000	\$ 293,882

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Safety/ Security Construction	HS Gym	HS Auditorium	School Lunch	Textbook Rental	Child Care Program 17/18	Child Care Program
Cash and investments - beginning	\$ 1,960,137	\$ -	\$ -	\$ 1,440,480	\$ 12,338	\$ -	\$ 18,453
Receipts:							
Local sources	-	-	-	451,439	429,508	-	288,946
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	111,167	-	-
Federal sources	-	-	-	897,642	-	-	-
Other Receipts	-	-	-	1,519	136	-	32,695
Total receipts	-	-	-	1,350,600	540,811	-	321,641
Disbursements:							
Instruction	-	-	-	-	-	-	229,739
Support services	-	-	-	150,918	649,013	-	1,838
Noninstructional services	-	-	-	1,657,841	-	-	116,304
Facilities acquisition and construction	151,351	-	-	-	-	-	-
Debt service	305,653	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	457,004	-	-	1,808,759	649,013	-	347,881
Excess (deficiency) of receipts over disbursements	(457,004)	-	-	(458,159)	(108,202)	-	(26,240)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	99,134	-	-
Transfers in	-	-	-	-	-	-	16,890
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	99,134	-	16,890
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(457,004)	-	-	(458,159)	(9,068)	-	(9,350)
Cash and investments - ending	\$ 1,503,133	\$ -	\$ -	\$ 982,321	\$ 3,270	\$ -	\$ 9,103

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Alternative Education	Safe Haven 15-16	Safe Haven 16-17	Safe Haven 17-18	Early Intervention Grant	Early Intervention Grant 17-18	Comp Counsel Initiative Grant
Cash and investments - beginning	\$ 49,720	\$ (2,076)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	30,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,738	15,730	-	12,735	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	2,738	15,730	-	12,735	-	30,000
Disbursements:							
Instruction	34,696	542	-	-	-	-	-
Support services	-	-	16,163	-	12,735	-	20,560
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	34,696	542	16,163	-	12,735	-	20,560
Excess (deficiency) of receipts over disbursements	(34,696)	2,196	(433)	-	-	-	9,440
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(34,696)	2,196	(433)	-	-	-	9,440
Cash and investments - ending	\$ 15,024	\$ 120	\$ (433)	\$ -	\$ -	\$ -	\$ 9,440

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Employee Recogn / Learning Place	Reading Recovery Sit Training	Instructional Support	Breakfast & Lunch Ass't	MCSC Foundation LP Donation	EOM Community Foundation	Alumni Association Donations
Cash and investments - beginning	\$ 35,011	\$ 1,394	\$ 23,716	\$ 30	\$ 65,651	\$ -	\$ -
Receipts:							
Local sources	18,534	-	8,161	-	258,021	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	245
Total receipts	18,534	-	8,161	-	258,021	-	245
Disbursements:							
Instruction	-	-	1,500	-	16,125	-	-
Support services	10,514	1,394	3,000	-	18,356	-	-
Noninstructional services	-	-	-	-	13,055	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	10,514	1,394	4,500	-	47,536	-	-
Excess (deficiency) of receipts over disbursements	8,020	(1,394)	3,661	-	210,485	-	245
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	8,020	(1,394)	3,661	-	210,485	-	245
Cash and investments - ending	\$ 43,031	\$ -	\$ 27,377	\$ 30	\$ 276,136	\$ -	\$ 245

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Spec Ed Community Foundation	Duke Grant	MCEDC- Community Foundation	ECO15-CUB Manufacturing	Early Learning Grant	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 20,462	\$ 5,085	\$ -	\$ 49,387	\$ 33,363	\$ 3,453
Receipts:							
Local sources	-	1,800	(5,085)	58,450	-	1,165	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	1,800	(5,085)	58,450	-	1,165	-
Disbursements:							
Instruction	-	20,735	-	-	48,510	-	-
Support services	-	-	-	-	-	-	3,453
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,675	-
Total disbursements	-	20,735	-	-	48,510	1,675	3,453
Excess (deficiency) of receipts over disbursements	-	(18,935)	(5,085)	58,450	(48,510)	(510)	(3,453)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(18,935)	(5,085)	58,450	(48,510)	(510)	(3,453)
Cash and investments - ending	\$ -	\$ 1,527	\$ -	\$ 58,450	\$ 877	\$ 32,853	\$ -

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	GED	Cub Field Renovation Donation	Employee Benefit Fund	Insurance Fund	4-Community Grant	Formative Assessment	Driver's Education
Cash and investments - beginning	\$ 97	\$ 962	\$ 2,589,302	\$ 77,060	\$ 357	\$ -	\$ 45,033
Receipts:							
Local sources	-	-	-	39	-	-	18,386
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	34,316	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	39	-	34,316	18,386
Disbursements:							
Instruction	-	-	-	-	357	34,316	-
Support services	97	962	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	33,445
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	97	962	-	-	357	34,316	33,445
Excess (deficiency) of receipts over disbursements	(97)	(962)	-	39	(357)	-	(15,059)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(97)	(962)	-	39	(357)	-	(15,059)
Cash and investments - ending	\$ -	\$ -	\$ 2,589,302	\$ 77,099	\$ -	\$ -	\$ 29,974

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Skill Up- Manufacturing	Skill Up Grant- Counseling	Extra- Curricular Activities	NESP- NonEnglish Speaking 15/16	NESP 16-17	NESP 17-18	State Connectivity Grant 15-16
Cash and investments - beginning	\$ -	\$ -	\$ (780)	\$ 13,974	\$ -	\$ -	\$ 84
Receipts:							
Local sources	-	-	2,075	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	59,536	-	-	(3,905)	7,597	-	6,308
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	40,491	-	-	-	-	-
Total receipts	59,536	40,491	2,075	(3,905)	7,597	-	6,308
Disbursements:							
Instruction	81,034	-	-	7,537	4,648	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	2,535	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	81,034	-	2,535	7,537	4,648	-	-
Excess (deficiency) of receipts over disbursements	(21,498)	40,491	(460)	(11,442)	2,949	-	6,308
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,498)	40,491	(460)	(11,442)	2,949	-	6,308
Cash and investments - ending	\$ (21,498)	\$ 40,491	\$ (1,240)	\$ 2,532	\$ 2,949	\$ -	\$ 6,392

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Technology Plan Buddy	Elearning Digital Grant	Career and Technical Performance Grant	Performance Based Awards	Performance Award	Miscellaneous Programs	Econ. Development
Cash and investments - beginning	\$ -	\$ (17,297)	\$ -	\$ 1,234	\$ 1,318	\$ -	\$ 2,938
Receipts:							
Local sources	-	-	-	-	-	-	125,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	76,404	16,031	-	95,009	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	76,404	16,031	-	95,009	-	125,000
Disbursements:							
Instruction	-	-	5,053	-	96,327	-	135,006
Support services	-	90,840	10,978	1,234	-	70	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	90,840	16,031	1,234	96,327	70	135,006
Excess (deficiency) of receipts over disbursements	-	(14,436)	-	(1,234)	(1,318)	(70)	(10,006)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(14,436)	-	(1,234)	(1,318)	(70)	(10,006)
Cash and investments - ending	\$ -	\$ (31,733)	\$ -	\$ -	\$ -	\$ (70)	\$ (7,068)

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	DWD Indiana Career Explorer PD	Lilly Endowment	Secured Sch Safety Grant 14-16	Safety Grant	Safety/Security Grant	Safety/Security Grant 17-18	WHAS Crusade for Children
Cash and investments - beginning	\$ -	\$ -	\$ (49,951)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	49,930	50,000	-	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	-	49,930	50,000	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	12,911
Support services	-	-	(21)	27,578	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	22,422	30,000	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	(21)	50,000	30,000	-	12,911
Excess (deficiency) of receipts over disbursements	-	-	49,951	-	(30,000)	-	(12,911)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	49,951	-	(30,000)	-	(12,911)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ -	\$ (12,911)

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
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	Senator David Ford Technology	Elearning Admin Academy Grant	DOE Spec Ed Contract	Title I 15-16	Title I 16-17	Title I 17-18	1003A SiG EOM 16-17
Cash and investments - beginning	\$ -	\$ 633	\$ (14,488)	\$ (270,655)	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	347,601	-	-	-
Other Receipts	-	-	84,012	-	-	-	-
Total receipts	-	-	84,012	347,601	-	-	-
Disbursements:							
Instruction	-	-	72,614	59,777	362,100	-	225
Support services	-	445	-	15,695	205,089	-	-
Noninstructional services	-	-	-	1,474	4,631	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	445	72,614	76,946	571,820	-	225
Excess (deficiency) of receipts over disbursements	-	(445)	11,398	270,655	(571,820)	-	(225)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(445)	11,398	270,655	(571,820)	-	(225)
Cash and investments - ending	\$ -	\$ 188	\$ (3,090)	\$ -	\$ (571,820)	\$ -	\$ (225)

MADISON CONSOLIDATED SCHOOLS
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	1003A SIG Jr High 16-17	Stewart Homeless Assistance Act	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 611 FY15	611 Part B FY16	611 Part B FY 17	Part B 619 FY18
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (109,580)	\$ (666,342)	\$ -	\$ (33,879)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	130,037	905,503	-	34,796
Other Receipts	-	1,457	-	-	-	-	-
Total receipts	-	1,457	-	130,037	905,503	-	34,796
Disbursements:							
Instruction	2,392	-	-	18,601	239,161	696,017	917
Support services	-	1,457	-	1,856	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,392	1,457	-	20,457	239,161	696,017	917
Excess (deficiency) of receipts over disbursements	(2,392)	-	-	109,580	666,342	(696,017)	33,879
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,392)	-	-	109,580	666,342	(696,017)	33,879
Cash and investments - ending	\$ (2,392)	\$ -	\$ -	\$ -	\$ -	\$ (696,017)	\$ -

MADISON CONSOLIDATED SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Part B 619 FY16	Part B 619 FY 17	Teacher Quality, No Child Left, Title II, Part A	Title II 14-16	Title II FY 15 15-17	Title II 16-18	Schools and Low Income Program - Pass Through State
Cash and investments - beginning	\$ (16,432)	\$ -	\$ -	\$ (95,234)	\$ (29,858)	\$ -	\$ (1,822)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	34,666	-	-	-	-	-	-
Other Receipts	-	-	-	132,829	25,899	-	1,822
Total receipts	34,666	-	-	132,829	25,899	-	1,822
Disbursements:							
Instruction	18,234	-	-	1,356	6,922	-	-
Support services	-	-	-	36,239	104,832	69,947	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	18,234	-	-	37,595	111,754	69,947	-
Excess (deficiency) of receipts over disbursements	16,432	-	-	95,234	(85,855)	(69,947)	1,822
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,432	-	-	95,234	(85,855)	(69,947)	1,822
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (115,713)	\$ (69,947)	\$ -

MADISON CONSOLIDATED SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title III 14-16	Title III 15-17	Title III 16-18	Title III 17-19	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ 3,931	\$ (1,200)	\$ -	\$ -	\$ 25,144	\$ 143,113	\$ 25,617,005
Receipts:							
Local sources	-	-	-	-	-	-	10,346,195
Intermediate sources	-	-	-	-	-	-	68
State sources	-	-	-	-	-	-	19,159,326
Federal sources	-	-	-	-	-	-	2,422,246
Other Receipts	-	-	-	-	500,938	9,592,106	10,426,319
Total receipts	-	-	-	-	500,938	9,592,106	42,354,154
Disbursements:							
Instruction	3,931	3,573	-	-	-	-	14,506,192
Support services	-	-	-	-	-	-	10,612,047
Noninstructional services	-	-	-	-	-	-	2,044,011
Facilities acquisition and construction	-	-	-	-	-	-	1,174,813
Debt service	-	-	-	-	-	-	5,009,283
Nonprogrammed charges	-	-	-	-	450,147	9,574,090	10,025,912
Total disbursements	3,931	3,573	-	-	450,147	9,574,090	43,372,258
Excess (deficiency) of receipts over disbursements	(3,931)	(3,573)	-	-	50,791	18,016	(1,018,104)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	105,634
Transfers in	-	-	-	-	-	-	1,911,890
Transfers out	-	-	-	-	-	-	(1,911,890)
Total other financing sources (uses)	-	-	-	-	-	-	105,634
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,931)	(3,573)	-	-	50,791	18,016	(912,470)
Cash and investments - ending	\$ -	\$ (4,773)	\$ -	\$ -	\$ 75,935	\$ 161,129	\$ 24,704,535

MADISON CONSOLIDATED SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	HS Construction
Cash and investments - beginning	\$ 6,635,858	\$ 1,621,515	\$ 5,364,184	\$ 1,426,937	\$ 409,161	\$ 4,573,000	\$ 293,882
Receipts:							
Local sources	284,527	2,891,238	3,207,643	1,868,813	451,860	-	-
Intermediate sources	144	-	-	-	-	-	-
State sources	18,114,337	-	-	-	-	-	-
Federal sources	-	-	70,848	-	-	-	-
Other Receipts	1,091	-	2,505	22,193	-	-	-
Total receipts	18,400,099	2,891,238	3,280,996	1,891,006	451,860	-	-
Disbursements:							
Instruction	12,587,700	-	-	-	-	-	-
Support services	6,026,921	-	2,250,539	1,514,913	745,610	-	-
Noninstructional services	235,262	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,476,827	-	-	1,027,657	-
Debt service	-	3,197,328	-	-	-	-	216,848
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	18,849,883	3,197,328	3,727,366	1,514,913	745,610	1,027,657	216,848
Excess (deficiency) of receipts over disbursements	(449,784)	(306,090)	(446,370)	376,093	(293,750)	(1,027,657)	(216,848)
Other financing sources (uses):							
Proceeds of long-term debt	-	207,582	-	-	-	-	-
Sale of capital assets	13,475	-	27,084	-	-	-	-
Transfers in	-	-	-	-	-	1,445,000	-
Transfers out	(1,292,000)	-	-	(245,000)	-	-	-
Total other financing sources (uses)	(1,278,525)	207,582	27,084	(245,000)	-	1,445,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,728,309)	(98,508)	(419,286)	131,093	(293,750)	417,343	(216,848)
Cash and investments - ending	\$ 4,907,549	\$ 1,523,007	\$ 4,944,898	\$ 1,558,030	\$ 115,411	\$ 4,990,343	\$ 77,034

MADISON CONSOLIDATED SCHOOLS
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 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Safety/ Security Construction	HS Gym	HS Auditorium	School Lunch	Textbook Rental	Child Care Program 17/18	Child Care Program
Cash and investments - beginning	\$ 1,503,133	\$ -	\$ -	\$ 982,321	\$ 3,270	\$ -	\$ 9,103
Receipts:							
Local sources	-	-	-	553,120	369,739	23,828	391,944
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	105,058	-	-
Federal sources	-	-	-	784,635	-	-	-
Other Receipts	-	-	-	2,560	42,644	-	55,032
Total receipts	-	-	-	1,340,315	517,441	23,828	446,976
Disbursements:							
Instruction	-	-	-	-	-	-	376,471
Support services	-	-	-	64,194	568,515	-	6,017
Noninstructional services	-	-	-	1,408,139	-	19,293	113,405
Facilities acquisition and construction	503,730	692,711	755	-	-	-	-
Debt service	371,635	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	875,365	692,711	755	1,472,333	568,515	19,293	495,893
Excess (deficiency) of receipts over disbursements	(875,365)	(692,711)	(755)	(132,018)	(51,074)	4,535	(48,917)
Other financing sources (uses):							
Proceeds of long-term debt	-	2,000,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	48,000	-	44,000
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	2,000,000	-	-	48,000	-	44,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(875,365)	1,307,289	(755)	(132,018)	(3,074)	4,535	(4,917)
Cash and investments - ending	\$ 627,768	\$ 1,307,289	\$ (755)	\$ 850,303	\$ 196	\$ 4,535	\$ 4,186

MADISON CONSOLIDATED SCHOOLS
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	Alternative Education	Safe Haven 15-16	Safe Haven 16-17	Safe Haven 17-18	Early Intervention Grant	Early Intervention Grant 17-18	Comp Counsel Initiative Grant
Cash and investments - beginning	\$ 15,024	\$ 120	\$ (433)	\$ -	\$ -	\$ -	\$ 9,440
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	5,702	-	2,053	8,051	-	12,158	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	5,702	-	2,053	8,051	-	12,158	-
Disbursements:							
Instruction	20,726	120	-	-	-	-	-
Support services	-	-	1,620	15,565	-	12,151	9,440
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	20,726	120	1,620	15,565	-	12,151	9,440
Excess (deficiency) of receipts over disbursements	(15,024)	(120)	433	(7,514)	-	7	(9,440)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,024)	(120)	433	(7,514)	-	7	(9,440)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (7,514)	\$ -	\$ 7	\$ -

MADISON CONSOLIDATED SCHOOLS
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 For the Year Ended June 30, 2018

	Employee Recogn / Learning Place	Reading Recovery Sit Training	Instructional Support	Breakfast & Lunch Ass't	MCSC Foundation LP Donation	EOM Community Foundation	Alumni Association Donations
Cash and investments - beginning	\$ 43,031	\$ -	\$ 27,377	\$ 30	\$ 276,136	\$ -	\$ 245
Receipts:							
Local sources	18,000	-	14,589	-	405,713	7,983	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	100
Total receipts	18,000	-	14,589	-	405,713	7,983	100
Disbursements:							
Instruction	-	-	1,975	-	42,609	7,640	-
Support services	15,093	-	-	-	281	-	66
Noninstructional services	-	-	-	-	10,010	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	15,093	-	1,975	-	52,900	7,640	66
Excess (deficiency) of receipts over disbursements	2,907	-	12,614	-	352,813	343	34
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,907	-	12,614	-	352,813	343	34
Cash and investments - ending	\$ 45,938	\$ -	\$ 39,991	\$ 30	\$ 628,949	\$ 343	\$ 279

MADISON CONSOLIDATED SCHOOLS
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 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Spec Ed Community Foundation	Duke Grant	MCEDC- Community Foundation	ECO15-CUB Manufacturing	Early Learning Grant	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 1,527	\$ -	\$ 58,450	\$ 877	\$ 32,853	\$ -
Receipts:							
Local sources	2,300	-	-	-	-	19	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	2,300	-	-	-	-	19	-
Disbursements:							
Instruction	-	1,527	-	58,450	877	-	-
Support services	810	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	1,725	-
Total disbursements	810	1,527	-	58,450	877	1,725	-
Excess (deficiency) of receipts over disbursements	1,490	(1,527)	-	(58,450)	(877)	(1,706)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,490	(1,527)	-	(58,450)	(877)	(1,706)	-
Cash and investments - ending	\$ 1,490	\$ -	\$ -	\$ -	\$ -	\$ 31,147	\$ -

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 For the Year Ended June 30, 2018

	GED	Cub Field Renovation Donation	Employee Benefit Fund	Insurance Fund	4-Community Grant	Formative Assessment	Driver's Education
Cash and investments - beginning	\$ -	\$ -	\$ 2,589,302	\$ 77,099	\$ -	\$ -	\$ 29,974
Receipts:							
Local sources	-	-	-	46	-	-	72,970
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	32,197	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	46	-	32,197	72,970
Disbursements:							
Instruction	-	-	-	-	-	32,197	-
Support services	-	-	101,827	-	-	-	-
Noninstructional services	-	-	-	-	-	-	32,777
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	101,827	-	-	32,197	32,777
Excess (deficiency) of receipts over disbursements	-	-	(101,827)	46	-	-	40,193
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(101,827)	46	-	-	40,193
Cash and investments - ending	\$ -	\$ -	\$ 2,487,475	\$ 77,145	\$ -	\$ -	\$ 70,167

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	Skill Up- Manufacturing	Skill Up Grant- Counseling	Extra- Curricular Activities	NESP- NonEnglish Speaking 15/16	NESP 16-17	NESP 17-18	State Connectivity Grant 15-16
Cash and investments - beginning	\$ (21,498)	\$ 40,491	\$ (1,240)	\$ 2,532	\$ 2,949	\$ -	\$ 6,392
Receipts:							
Local sources	-	-	10,323	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	32,464	-	-	(2,532)	2,532	9,750	7,770
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	19,509	-	-	-	-	-
Total receipts	32,464	19,509	10,323	(2,532)	2,532	9,750	7,770
Disbursements:							
Instruction	10,966	-	-	-	5,481	2,334	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	9,235	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	10,966	-	9,235	-	5,481	2,334	-
Excess (deficiency) of receipts over disbursements	21,498	19,509	1,088	(2,532)	(2,949)	7,416	7,770
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,498	19,509	1,088	(2,532)	(2,949)	7,416	7,770
Cash and investments - ending	\$ -	\$ 60,000	\$ (152)	\$ -	\$ -	\$ 7,416	\$ 14,162

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Technology Plan Buddy	Elearning Digital Grant	Career and Technical Performance Grant	Performance Based Awards	Performance Award	Miscellaneous Programs	Econ. Development
Cash and investments - beginning	\$ -	\$ (31,733)	\$ -	\$ -	\$ -	\$ (70)	\$ (7,068)
Receipts:							
Local sources	-	-	-	-	-	-	49,400
Intermediate sources	-	-	-	-	-	-	-
State sources	-	88,886	8,649	-	79,408	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	5,400	-
Total receipts	-	88,886	8,649	-	79,408	5,400	49,400
Disbursements:							
Instruction	-	-	4,239	-	79,408	-	41,584
Support services	-	90,739	-	-	-	8,834	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	90,739	4,239	-	79,408	8,834	41,584
Excess (deficiency) of receipts over disbursements	-	(1,853)	4,410	-	-	(3,434)	7,816
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,853)	4,410	-	-	(3,434)	7,816
Cash and investments - ending	\$ -	\$ (33,586)	\$ 4,410	\$ -	\$ -	\$ (3,504)	\$ 748

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	DWD Indiana Career Explorer PD	Lilly Endowment	Secured Sch Safety Grant 14-16	Safety Grant	Safety/Security Grant	Safety/Security Grant 17-18	WHAS Crusade for Children
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (30,000)	\$ -	\$ (12,911)
Receipts:							
Local sources	4,992	205,000	-	-	-	-	14,512
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	50,000	-	-
Federal sources	-	-	-	-	-	-	-
Other Receipts	-	-	-	-	-	-	-
Total receipts	<u>4,992</u>	<u>205,000</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>14,512</u>
Disbursements:							
Instruction	570	-	-	-	-	-	1,601
Support services	-	-	-	-	20,000	-	14,339
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	15,000	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>570</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>20,000</u>	<u>15,000</u>	<u>15,940</u>
Excess (deficiency) of receipts over disbursements	<u>4,422</u>	<u>205,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(15,000)</u>	<u>(1,428)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,422</u>	<u>205,000</u>	<u>-</u>	<u>-</u>	<u>30,000</u>	<u>(15,000)</u>	<u>(1,428)</u>
Cash and investments - ending	<u>\$ 4,422</u>	<u>\$ 205,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (15,000)</u>	<u>\$ (14,339)</u>

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Senator David Ford Technology	Elearning Admin Academy Grant	DOE Spec Ed Contract	Title I 15-16	Title I 16-17	Title I 17-18	1003A SiG EOM 16-17
Cash and investments - beginning	\$ -	\$ 188	\$ (3,090)	\$ -	\$ (571,820)	\$ -	\$ (225)
Receipts:							
Local sources	-	-	-	-	-	-	31,354
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	649,108	348,638	-
Other Receipts	-	-	82,015	-	-	-	-
Total receipts	-	-	82,015	-	649,108	348,638	31,354
Disbursements:							
Instruction	-	-	78,925	-	16,163	332,747	31,129
Support services	16,000	188	-	-	59,529	157,051	-
Noninstructional services	-	-	-	-	1,596	3,853	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	16,000	188	78,925	-	77,288	493,651	31,129
Excess (deficiency) of receipts over disbursements	(16,000)	(188)	3,090	-	571,820	(145,013)	225
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,000)	(188)	3,090	-	571,820	(145,013)	225
Cash and investments - ending	\$ (16,000)	\$ -	\$ -	\$ -	\$ -	\$ (145,013)	\$ -

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	1003A SIG Jr High 16-17	Stewart Homeless Assistance Act	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 611 FY15	611 Part B FY16	611 Part B FY 17	Part B 619 FY18
Cash and investments - beginning	\$ (2,392)	\$ -	\$ -	\$ -	\$ -	\$ (696,017)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	36,585	-	281,402	-	-	927,312	-
Other Receipts	-	3,543	-	-	-	-	-
Total receipts	36,585	3,543	281,402	-	-	927,312	-
Disbursements:							
Instruction	34,193	1,148	450,979	-	-	231,295	13,790
Support services	-	4,757	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	34,193	5,905	450,979	-	-	231,295	13,790
Excess (deficiency) of receipts over disbursements	2,392	(2,362)	(169,577)	-	-	696,017	(13,790)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,392	(2,362)	(169,577)	-	-	696,017	(13,790)
Cash and investments - ending	\$ -	\$ (2,362)	\$ (169,577)	\$ -	\$ -	\$ -	\$ (13,790)

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Part B 619 FY16	Part B 619 FY 17	Improving Teacher Quality, No Child Left, Title II, Part A	Title II 14-16	Title II FY 15 15-17	Title II 16-18	Rural Schools and Low Income Program - Pass Through State
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (115,713)	\$ (69,947)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	33,062	-	-	-	-	-
Other Receipts	-	-	-	-	142,073	132,338	-
Total receipts	-	33,062	-	-	142,073	132,338	-
Disbursements:							
Instruction	-	40,249	-	-	-	-	-
Support services	-	-	16,859	1,652	17,582	71,151	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	8,778	-	-
Total disbursements	-	40,249	16,859	1,652	26,360	71,151	-
Excess (deficiency) of receipts over disbursements	-	(7,187)	(16,859)	(1,652)	115,713	61,187	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(7,187)	(16,859)	(1,652)	115,713	61,187	-
Cash and investments - ending	\$ -	\$ (7,187)	\$ (16,859)	\$ (1,652)	\$ -	\$ (8,760)	\$ -

MADISON CONSOLIDATED SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH
 AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Title III 14-16	Title III 15-17	Title III 16-18	Title III 17-19	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (4,773)	\$ -	\$ -	\$ 75,935	\$ 161,129	\$ 24,704,535
Receipts:							
Local sources	-	4,773	-	-	-	-	10,884,686
Intermediate sources	-	-	-	-	-	-	144
State sources	-	-	-	-	-	-	18,556,483
Federal sources	-	-	-	-	-	-	3,131,590
Other Receipts	-	-	-	-	503,701	9,353,459	10,368,163
Total receipts	-	4,773	-	-	503,701	9,353,459	42,941,066
Disbursements:							
Instruction	-	1,865	3,208	2,397	-	-	14,514,563
Support services	-	299	-	149	-	-	11,812,691
Noninstructional services	-	-	-	704	-	-	1,834,274
Facilities acquisition and construction	-	-	-	-	-	-	3,716,680
Debt service	-	-	-	-	-	-	3,785,811
Nonprogrammed charges	-	-	-	-	553,856	9,388,012	9,952,371
Total disbursements	-	2,164	3,208	3,250	553,856	9,388,012	45,616,390
Excess (deficiency) of receipts over disbursements	-	2,609	(3,208)	(3,250)	(50,155)	(34,553)	(2,675,324)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	2,207,582
Sale of capital assets	-	-	-	-	-	-	40,559
Transfers in	-	-	-	-	-	-	1,537,000
Transfers out	-	-	-	-	-	-	(1,537,000)
Total other financing sources (uses)	-	-	-	-	-	-	2,248,141
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,609	(3,208)	(3,250)	(50,155)	(34,553)	(427,183)
Cash and investments - ending	\$ -	\$ (2,164)	\$ (3,208)	\$ (3,250)	\$ 25,780	\$ 126,576	\$ 24,277,352

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MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,936,687</u>	<u>\$ -</u>

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
LYDIA MIDDLETON SCHOOL BUILDING CORPORATION	REFUNDING BONDS SERIES 2013A	\$ 1,159,000	7/15/2013	1/15/2021
LYDIA MIDDLETON SCHOOL BUILDING CORPORATION	REFUNDING BONDS SERIES 2013B	<u>584,000</u>	7/15/2013	7/15/2021
Total governmental activities		<u>1,743,000</u>		
Total of annual lease payments		<u>\$ 1,743,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	HS GYM	\$ 2,000,000	\$ 80,000
General obligation bonds	HS Renovations & District Safety Security & Upgrades	<u>2,930,000</u>	<u>1,207,850</u>
Total governmental activities		<u>4,930,000</u>	<u>1,287,850</u>
Totals		<u>\$ 4,930,000</u>	<u>\$ 1,287,850</u>

MADISON CONSOLIDATED SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 594,464
Buildings	42,445,751
Improvements other than buildings	3,180,737
Machinery, equipment, and vehicles	5,564,096
Construction in progress	<u>-</u>
Total governmental activities	<u>51,785,048</u>
Total capital assets	<u><u>\$ 51,785,048</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
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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 CONSOLIDATED SCHOOLS, JEFFERSON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Madison Consolidated Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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. Except as discussed below, 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster (IDEA)

As described in items 2018-010 and 2018-009 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with Title I Grants to Local Educational Agencies regarding Eligibility; and Special Education Cluster (IDEA) regarding Reporting. Consequently, we were unable to determine whether the School Corporation complied with those requirements applicable to the program.

Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster (IDEA)

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies and Special Education Cluster (IDEA)* paragraph, 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 Title I Grants to Local Educational Agencies and Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-008, 2018-011, and 2018-012. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002, 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-011, 2018-012, and 2018-013, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 22, 2019

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 CONSOLIDATED SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 16-17	\$ -	\$ 143,833	\$ -	\$ -
School Breakfast Program			FY 17-18	-	-	-	167,806
Total - School Breakfast Program				-	143,833	-	167,806
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 16-17	-	743,050	-	-
School Lunch Program-Commodities			FY 17-18	-	-	-	605,395
School Lunch Program-Commodities			FY 16-17	-	97,558	-	-
School Lunch Program-Commodities			FY 17-18	-	-	-	98,535
Total - National School Lunch Program				-	840,608	-	703,930
Total - Child Nutrition Cluster				-	984,441	-	871,736
Total - Department of Agriculture				-	984,441	-	871,736
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
Part B 611			14215-158-PN01	-	130,036	-	-
Part B 611			14216-127-PN01	-	905,503	-	-
Part B 611			14217-127-PN01	-	-	-	927,310
Part B 611			18611-127-PN01	-	-	-	281,402
Total - Special Education Grants to States				-	1,035,539	-	1,208,712
Special Education Preschool Grants	Indiana Department of Education	84.173					
Part B 619			45715-158-PN01	-	34,796	-	-
Part B 619			45716-127-PN01	-	34,666	-	-
Part B 619			45717-127-PN01	-	-	-	33,062
Total - Special Education Preschool Grants				-	69,462	-	33,062
Total - Special Education Cluster (IDEA)				-	1,105,001	-	1,241,774
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 15-16			S010A150014	-	347,599	-	-
Title I 16-17			S010A160014	-	-	-	649,105
Title I 17-18			S010A170014	-	-	-	348,638
Title I 1003A School Improvement Grant			S010A160014	-	-	-	67,939
Total - Title I Grants to Local Educational Agencies				-	347,599	-	1,065,682
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
McKinney-Vento Homeless			A58-7-17SS-3951	-	1,457	-	3,543
Rural Education	Indiana Department of Education	84.358					
Rural and Low Income			7000S358B140014	-	1,822	-	-
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III			01116-037-PN01	-	-	-	4,773
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			S367A140013	-	132,831	-	-
Title II Part A			S367A150013	-	24,599	-	142,072
Title II Part A			S367A160013	-	-	-	132,180
Total - Supporting Effective Instruction State Grants				-	157,430	-	274,252
Total - Department of Education				-	1,613,309	-	2,590,024
Total federal awards expended				\$ -	\$ 2,597,750	\$ -	\$ 3,461,760

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

MADISON CONSOLIDATED SCHOOLS
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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MADISON CONSOLIDATED SCHOOLS
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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Unmodified Qualified Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Payroll Approval

Procedures were not in place at the School Corporation which would have ensured review and approval of gross payroll transactions by the Treasurer and the School Board of Trustees. Multiple gross payroll transactions were omitted from the payroll docket reports presented to the Treasurer and the Board of School Trustees for review and approval.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; . . ."

Indiana Code 5-11-10-2(a) states:

"Claims against a political subdivision of the state must be approved by the officer or person receiving the goods or services, be audited for correctness and approved by the disbursing officer of the political subdivision, and, where applicable, be allowed by the governing body having jurisdiction over allowance of such claims before they are paid. If the claim is against a governmental entity (as defined in section 1.6 of this chapter), the claim must be certified by the fiscal officer."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not established a proper system of internal control to ensure compliance with claims approval requirements.

Effect

The failure to establish controls could have enabled misstatements or irregularities to remain undetected and enabled noncompliance with claims approval requirements to occur.

Recommendation

We recommended that the School Corporation's management establish a system of internal controls related to financial transactions and reporting and to ensure that payroll transactions are properly approved.

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 2018-002

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Some School Corporation expenditures were not in compliance with the Allowable Costs/Cost Principles compliance requirement. Time cards for custodians paid from the program did not indicate the hours worked for the Child Nutrition Cluster programs and some time cards for program employees were not approved by their supervisor.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-003

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Program Income compliance requirement.

Reported program income was different from calculated program income for each audit year.

A monthly spreadsheet was prepared by the Nutrition and Wellness Coordinator to summarize the amounts to be posted as receipts to the School Corporation's School Lunch fund; however, there were no documented internal controls over the preparation of the spreadsheets. There also was no documented comparison of the amounts from the sales reports to the amounts recorded in the School Lunch fund.

A Prepaid Food Account, Fund 8400, was established to account for prepaid food, but the account was not being reconciled to the detail of account balances. Funds received for student accounts were remitted to the Extracurricular Treasurers, who accounted for those funds in their ledgers, and then turned those funds over to the School Corporation to be recorded in the School Corporation's Prepaid Food fund. The School Corporation did not have a monitoring process in place to ensure there were adequate internal controls over the receiving of funds at the individual schools, and the process of the funds being turned over to the School Corporation.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(c) states:

"Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

School Lunch Accounts, which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from 8400 using expenditure account 31900 Other Food Services and receipt this into fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of the 8400 fund be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

Cause

Management had not developed a system of controls that would have ensured compliance with the grant agreement and the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2018-004

Subject: Child Nutrition Cluster - Reporting
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Reporting
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

Documentation to support the number of applications and students approved for free or reduced meals, and reported on the School Food Authority (SFA) Verification Summary Reports for fiscal years 2016-2017 and 2017-2018, was not presented for audit, and could not be readily determined.

There was an \$80,468 misclassification between labor and miscellaneous expenditures on the 2016-2017 Annual Financial Report (AFR). The Food Service Director was unable to provide documentation which reconciled this misclassification.

Utility payments totaling \$64,034 were reported as indirect costs in error on the 2017-2018 AFR. The School Corporation did not charge indirect costs to the program. The School Corporation charged utility payments as direct costs to the program using a calculation determined by the square footage of the cafeterias. These costs should have been reported as direct costs.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.6a(h) states in part:

"*Verification reporting and recordkeeping requirements.* By February 1, each local educational agency must report information related to its annual statutorily required verification activity, which excludes verification conducted in accordance with paragraph (c)(7) of this section, to the State agency in accordance with guidelines provided by FNS. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Indiana Department of Education's General Instructions: Annual Financial Report states:

"All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The income total and expense total boxes should agree exactly with total revenues and total expenditures recorded in the SFA's accounting records. All expenses need to be allocated appropriately to all existing programs."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2018-005

Subject: Child Nutrition Cluster - Special Tests and Provisions - Verification
of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Verification of Free
and Reduced Price Applications (NSLP)

Audit Findings: Material Weakness, Other Matters

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Changes were not properly made to eligibility status based on documentation submitted in some cases tested. The School Corporation did not properly determine income when performing verifications of free and reduced price applications for the audit period. We tested 5 of the 27 applications verified by the School Corporation. Our testing found an instance where the net amount of income was used when determining eligibility instead of the gross amount, and this mistake was not corrected upon second review. Additionally, an instance was noted where the year-to-date income amount on the paystub dated October 27, 2017, was over the income limit for reduced price meals.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR section 245.6a(f)(7) states in part: "*Eligibility changes*. Based on the verification activities, the local educational agency shall make appropriate modifications to the eligibility determinations made initially. . . ."

Cause

Management had not developed a system of controls that would have ensured compliance with the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

Auditor's Response

Our testing of documentation provided for audit of verification of free and reduced price meal applications indicated two instances where the net pay was used instead of the gross pay to determine eligibility status.

One was in fiscal year 2016-2017, where reduced price meal status should have been changed to paid status if gross pay was used. Documentation presented indicated income from more than one source at different intervals. In this situation the incomes should be projected to an annual amount for proper determination of status.

The other was in 2017-2018, where a free status should have been changed to paid status. The pay stub with this application indicated year-to-date gross pay of approximately \$30,000 over the level for reduced status.

FINDING 2018-006

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 16-17, FY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number is 2016-003.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation's suspension and debarment policy was not effective. There was no evidence the suspension and debarment status was verified for three of the four vendors tested. There was no evidence of an oversight by another person that each vendor was correctly categorized as not suspended or debarred.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-007

Subject: Special Education Cluster (IDEA) - Internal Controls

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): 14215-158-PN01, 45715-158-PN01,
14216-127-PN01, 45716-127-PN01,
14217-127-PN01, 45717-127-PN01,
18611-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed; Cash Management; Matching,
Level of Effort, Earmarking; Period of Performance

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

Activities Allowed or Unallowed

Activities charged to the grant program as recorded in the ledger were not properly reviewed by management. An employee was reviewing the reimbursement requests to make sure the backup documentation and the request matched each other numerically, but not in detail to determine if the activities charged were allowable.

Cash Management

Cash reimbursements requested were completed by one individual and reviewed by another individual; however, the control was not properly implemented. One reimbursement request reported expenditures that had not yet been expended at the time of the request. A preparer and a reviewer had signed the request.

Matching, Level of Effort, Earmarking

The maintenance of effort calculations required under the level of effort compliance requirements were completed by one individual without an oversight, review, or approval process to ensure the calculation was proper.

The School Corporation was required to expend at least an equivalent amount of monies on nonpublic school children as it did for children within the School Corporation's public schools for earmarking. The report was only reviewed for completeness and not to agreement with the supporting documentation.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Period of Performance

Expenditures charged to the grant program as recorded in the ledger were not properly reviewed by management. Reimbursement requests were reviewed to make sure the supporting documentation and the requests matched each other numerically, but not in detail to determine if the expenditures charged were within the period of performance as determined from the grant agreement.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the 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 CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-008

Subject: Special Education Cluster (IDEA) - 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): 14215-158-PN01, 14216-127-PN01,
14217-127-PN01, 18611-127-PN01,
45715-158-PN01, 45716-127-PN01,
45717-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

The School Corporation did not maintain records to accurately reflect the work performed related to Special Education programs. Records documenting time and effort related to salaries and wages charged to federal awards were not presented for audit.

Context

The lack of controls and noncompliance were systemic issues which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; . . .
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed a system of internal control that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Views of Responsible Officials

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

FINDING 2018-009

Subject: Special Education Cluster (IDEA) - 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): 14215-158-PN01, 45715-058-PN01,
14216-127-PN01, 45716-127-PN01,
14217-127-PN01, 45717-127-PN01,
18611-127-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-005.

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Reporting compliance requirement. Supporting documentation used from the School Corporation's student management software system was not retained to support the December 1 child count of students eligible for special education and related services for fiscal year 2016-2017 and fiscal year 2017-2018. These reports are uploaded into the STN website, which then formulates the report submitted to the Indiana Department of Education each December that is later used in the annual grant application to help determine other compliance requirement obligations, and the overall funding for the program.

Context

The lack of controls and noncompliance were systemic issues which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

511 IAC 7-46-1 states in part:

"(a) On December 1 of each year, each public agency must count the number of students:

- (1) eligible for special education and related services; and
- (2) receiving services on that date.

If December 1 is not a school or program day, the closest instructional day must be used for the count. . . .

(c) The child count report must include the following:

- (1) A count of students enrolled on December 1 in a school or program operated by a public agency that provides students with either:
 - (A) special education and related services that meet the standards of this article; or
 - (B) only special education services if related services are not necessary for the students to benefit from special education.
- (2) A count of students with disabilities enrolled by their parents in nonpublic schools who are eligible for special education and related services and receive special education or related services, or both, in accordance with 511 IAC 7-34, provided must meet the standards of this article.
- (3) A count of students specified by age on the child count date from three (3) years of age through the school year in which the students become twenty-two (22) years of age within each disability category.
- (4) Students placed in nonpublic residential special schools under 511 IAC 7-42-13. . . ."

Cause

Management had not developed an effective internal control system that would have ensured compliance with the Reporting compliance requirement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Reporting compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

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

FINDING 2018-010

Subject: Title I Grants to Local Educational Agencies - Eligibility

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): S010A150014 S010A160014
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-006.

Condition

The School Corporation had not established an effective internal control system to ensure compliance related to the grant agreement and the Eligibility compliance requirement.

Sufficient appropriate audit evidence could not be obtained to verify the information used to determine Eligibility for Title I was accurate. The School Corporation was not able to retrieve the October 1st Real Time reports for prior fiscal years 2015-2016 and 2016-2017.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2018-011

Subject: Title I Grants to Local Educational Agencies - Procurement
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): S010A150014, S010A160014,
S010A170014

Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-008.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not establish procedures regarding procurements. Price or rate quotes for purchases of goods or services costing between \$3,500 and \$150,000, which fell under the small purchase procedures, were not invited.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.318 states in part:

- "(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

(i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . .

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

FINDING 2018-012

Subject: Title I Grants to Local Educational Agencies - 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): S010A150014, S010A160014,
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-007.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Personal activity reports (PAR) or other supporting documentation for time worked on and allocated to the Title I program were not presented for the Title I Compliance/Instructional Specialist for fiscal year 2016-2017.

Semi-Annual Certifications or other supporting documentation were not presented for the interventionist positions charged to the Title I program for 2016-2017 or for the six month period ending December 31, 2017.

Multiple payroll adjustments were made in the Title I funds without documentation as to why these adjustments were made. Some payroll adjustments were for a prior fiscal year or from the beginning of a fiscal year. There was no evidence these payroll adjustments were reviewed or approved by another School Corporation employee. The payroll adjustments were included on the School Corporation's expenditure reports.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity; (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which allocated using different allocation bases; or an unallowable activity and a direct or indirect costs activity. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

Cause

Management had not developed a system of internal control that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2018-013

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): S010A150014, S010A160014,
S010A170014

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Period of Performance, Special Tests and Provisions - Participation
of Private School Children, Special Tests and Provisions -
Assessment System Security

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report regarding Period of Performance and Special Tests and Provisions - Participation of Private School Children. The prior audit finding number was 2016-006.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the compliance requirements listed above.

Period of Performance

The School Corporation had not established a system of internal control to ensure all costs were incurred during the period of performance. Adjustments were made moving expenditures between grant funds with no evidence of an oversight, review, or approval process.

MADISON CONSOLIDATED SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Tests and Provisions - Participation of Private School Children

The School Corporation had not established a system of internal control to ensure activities and amounts committed to private schools were monitored by the School Corporation to determine if expenditures were for appropriate activities.

Special Tests and Provisions - Assessment System Security

The School Corporation had not established a system of internal controls to ensure monitoring of Assessment System Security occurred and was adequate.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the compliance requirements listed above.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the 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.

AUDITEE-PREPARED DOCUMENTS

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

Rob Kring, President
Jodi Yancey, Vice-President
Larry Henry, Secretary
Joyce Imel, Member
Jeanne Dugle, Member



2421 Wilson Avenue
Madison, IN 47250
Phone: 812-274-8001

Educating All Students to Reach Their Potential

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

The treasurer prepares the SEFA and the Director of Finance reviews and signs off on the SEFA. Documentation is kept to ensure evidence of preparation, review, and approval of the SEFA. This procedure was implemented as of July 1, 2018.

FINDING 2016-002

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Tonya Maschino, Nutrition and Wellness Coordinator

Contact Phone Number: 812-274-8116

Status of Audit Finding:

The Nutrition and Wellness Coordinator work closely with the Director of Finance to work on reducing the current cash balance. The Nutrition and Wellness Coordinator is responsible to monitor cash projections and reporting to the Treasurer and the Director of Finance for review and approval. Starting July 2018, the nutrition and wellness coordinator, Treasurer, and Director of Finance will meet every 6 months to discuss and monitor the financials.

Starting July 2018 the Nutrition and Wellness Assistant Coordinator and the Nutrition and Wellness Coordinator both review and approve the eligibility information in the lunch software provider, Skyward. The Nutrition and Wellness Assistant Coordinator is responsible for inputting the application in the system, after the guidelines are approved each year.

For program income, each year when new food prices are approved they will then be entered in Skyward by the Assistant Coordinator and then verify and approved by the Coordinator to ensure accurate information was entered. Monthly actual meal sales total from each building are transferred from fund 8400 to fund 800. The Nutrition and Wellness Coordinator compiles a spreadsheet from reports ran from

Skyward. The assistant double checks the numbers before the information is given to the Treasurer to transfer the funds. The Treasurer will give a fund balance of fund 8400 to the Nutrition and Wellness Coordinator and they will work with the assistant to balance the 8400 fund to the student balances, effective May 2019.

The Nutrition and Wellness Coordinator prepares all reporting, income, and paid lunch equity. The Nutrition and Wellness Assistant Coordinator is responsible for the review and verifying accuracy and compliance in accordance with applicable regulation. They work together to allow proper segregation of duties and internal controls. This started as of July 2018.

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Tonya Maschino, Nutrition and Wellness Coordinator

Contact Phone Number: 812-274-8116

Status of Audit Finding:

The Nutrition and Wellness Assistant Coordinator and the Nutrition and Wellness Coordinator work together to ensure procurement procedures are in compliance with requirements, including preparation, distribution, and review of all quote packets. The School Corporation adopted a purchasing policy on 12/14/2016. Starting July 2018 the Nutrition & Wellness Coordinator and the assistant started verifying that vendors are not suspended or debarred from participation in federal programs on the SAM website before purchasing, the Deputy Treasurer will verify before a payment is made.

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

The School Corporation adopted a policy on procurement and suspension and debarment on 12/14/2016. The Director of Special Education and the special education secretary verify that vendors are not suspended or debarred from participation in federal programs on the SAM website before purchasing or agreeing to a contract, the Deputy Treasurer verifies the SAM website before a payment is made.

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

The following procedures were started as of July 1, 2018.

Activities Allowed or Unallowed and Allowable Costs- Reimbursement requests are prepared by the Treasurer with proper back documentation kept and reviewed by the Accounting Specialist to ensure activities are allowable.

Cash Management- Reimbursement requests are reviewed by the Accounting Specialist to ensure requested amounts are correct and paid prior to the amounts being requested. Reimbursement requests are prepared by the Treasurer with proper back documentation kept.

Maintenance of Effort- The MOE is prepared by the Treasurer keeping accurate back up documentation and the Director of Special Education reviews all back up documentation with the data entered in the MOE and approves the MOE verifying all data is accurate.

Period of Performance- All reimbursement requests are prepared by the Treasurer and then reviewed by the accounting specialist. The accounting specialist verifies that all expenditures were in the accurate period. In addition to this procedure, starting 4/1/2019 an expenditure report will be ran monthly for the Director of Special Education to review all expenditures and she will sign to approve as a double check.

Reporting- All reports will be prepared by the Treasurer, keeping accurate documentation, with all approval by the Director of Special Education.

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

The following procedures started as of July 1, 2018.

Activities Allowed or Unallowed- The treasurer prepares the reimbursement requests with accurate expenditure reports as detailed back up. The Accounting Specialist and the Title I Compliance Specialist reviews and approves the requests, ensuring all expenditures are allowable activities.

Cash Management- The treasurer prepares the reimbursement requests with accurate expenditure reports as detailed back up. The Accounting Specialist and the Title I Compliance Specialist reviews and approves the requests, ensuring all expenditures have occurred and paid prior to the date of the request.

Eligibility- The Title I Director and the Title I Compliance Specialist prepare the Title I application with review and approval from the Superintendent. Documentation is kept as proof of approval.

Period of Availability- The treasurer prepares the reimbursement requests with accurate expenditure reports as detailed back up. The Accounting Specialist and the Title I Compliance Specialist reviews and approves the requests, ensuring all expenditures have occurred and paid prior to the date of the request.

Reporting- The Treasurer prepares all reimbursement requests and final expenditure reports attaching appropriate supporting documentation, the Accounting Specialist and the Title I Compliance Specialist reviews and approves, ensuring all activities occurred within the period and all expenses are allowed.

Special Test and Provisions- Participation of Private School Children- The Title I Compliance Specialist meets with all the private schools. A shared spreadsheet is kept with all the information of participation between the difference private schools and MCS. We review the lists with the transportation coordinator to ensure accuracy of participation living in our district.

Special Tests and Provisions-Comparability- The Title I Compliance Specialist prepares the comparability Report and the superintendent reviewed and approved the report.

FINDING 2016-007

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

Starting July 1, 2018 the Treasurer has all employees being paid from Title I have Semi-Annual Certifications filled out and signed by their supervisor or Title I Director. Also all employees being paid via time card will say "Title I" on them. These two items ensure time and effort requirements. Also the reimbursements will be reviewed by the Accounting Specialist and the Title I Compliance Specialist to approve all costs are in accordance with Allowable Costs/Cost Principles compliance requirement by the Title I Program before reimbursement is submitted.

FINDING 2016-008

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

The school corporation adopted a policy on procurement and suspension and debarment on 12/14/2016. The Title I Compliance Specialist verifies that vendors are not suspended or debarred from participation in federal programs on the SAM website before purchasing, or agreeing to a contract the Deputy Treasurer verifies on the SAM website before a payment is made.

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Michael Gasaway, High School Principal

Contact Phone Number: 812-274-8394

Status of Audit Finding:

The High School Principal has created procedures to ensure tracking of enrollments, removals, transfers, expulsions and graduation numbers are accurate. They collect and create proper documentation of all

changes. They have a co-hort mobility file with separate student files in each co-hort. This started as of July 2018.

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2014-2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & Human Resources

Contact Phone Number: 812-274-8102

Status of Audit Finding:

As of July 1, 2018, the Treasurer prepares the Special Education Grant applications. The Director of Special Education reviews and approves the applications ensuring the eligibility requirements are met. The Title I Compliance Specialist determines the eligibility and prepares the Title I grant application. The Superintendent reviews and approves ensuring the eligibility requirement are met.

Rob Kring, President
Jodi Yancey, Vice-President
Larry Henry, Secretary
Joyce Imel, Member
Jeanne Dugle, Member



2421 Wilson Avenue
Madison, IN 47250
Phone: 812-274-8001

Educating All Students to Reach Their Potential

CORRECTIVE ACTION PLAN

General View of Responsible Official: In reference to the repeat findings from the prior audit period; the prior audit report was issued on August 1, 2018, which was after the current audit period ending June 30, 2018. Therefore, it was impossible to correct the prior year audit findings for the current audit period.

FINDING 2018-001

Contact Person Responsible for Corrective Action: Bonnie Hensler, Director of Finance & HR
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

There were procedures updated to ensure all documents ran from the payroll system will include all transactions. Two reports will be processed to verify all employees are included.

Anticipated Completion Date: June 4, 2019

FINDING 2018-002

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

All custodians paid from the program will complete a time card indicating the hours worked for the program year-round.

All employees paid out of the program will complete a time card indicating the hours worked. The time cards will be examined and approved by signature by Director or Coordinators of the program.

Anticipated Completion Date: August 1, 2019

FINDING 2018-003

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Nutrition and Wellness Coordinator and Assistant Coordinator has proper segregation of duties documented in the job description. The Nutrition and Wellness Coordinator and Assistant Coordinator will work together to maintain an effective internal control system in compliance with the grant agreement and the program income compliance requirement.

The monthly program income spreadsheet that is created by Nutrition and Wellness Coordinator will be reviewed and signed off by the Assistant Coordinator prior to submission to the Treasurer.

The prepaid food account, Fund 8400, will be reconciled by the Coordinator and reviewed by the Assistant Coordinator to ensure the receipts of student accounts are accurately recorded by the Treasurer.

Anticipated Completion Date: August 1, 2019

FINDING 2018-004

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Nutrition and Wellness Coordinator and the Assistant Coordinator will work together to allow proper segregation of duties and internal control to ensure compliance to comply with the grant agreement and the reporting compliance requirements.

The Assistant Coordinator will prepare verification summary reports with the number of applications and students approved for free or reduced meals. The Nutrition and Wellness Coordinator will review and approve the verification summary report.

The Nutrition and Wellness Coordinator will prepare the annual financial report. All expenses will be allocated appropriately and utility costs will be reported as direct costs. The Assistant Coordinator will review and approve the annual financial report.

Anticipated Completion Date: August 1, 2019

FINDING 2018-005

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator
Contact Phone Number: 812-274-8001

Views of Responsible Official: We disagree with the finding.

Description of Corrective Action Plan:

The income on applications submitted in July was different than the income verification provided in October. A follow-up phone call was made to the family to verify a check stub for pay frequency. Gross pay by month and household size results in the continuance of free status per Income Eligibility Guidelines. Following the rules of the USDA application processing and verification procedures, the Assistant Coordinator was in compliance.

The Assistant Coordinator will process and determine eligibility of applications with review and approval from Nutrition and Wellness Coordinator. Verification will be completed by the Assistant Coordinator and reviewed by the Nutrition and Wellness Coordinator. The eligibility for meal benefits will be determined by gross income from the meal application.

Anticipated Completion Date: August 1, 2019

FINDING 2018-006

Contact Person Responsible for Corrective Action: Tonya Feider, Nutrition and Wellness Coordinator
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The school corporation adopted a policy on procurement, suspension, and debarment on December 14, 2016. The Nutrition and Wellness Coordinator and Assistant Coordinator will document that vendors for the BID are not suspended or debarred from participation in federal programs before purchasing. The Deputy Treasurer will verify before payment is made.

Anticipated Completion Date: August 1, 2019

FINDING 2018-007

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The expenditure reports will be processed monthly and approved by the Director of Special Education to ensure all activities are allowed. There will be expenditure reports kept with each reimbursement request with detail to ensure that all activities were allowed. The cash reimbursements will be reviewed and prepared by two separate individuals with supporting documentation to ensure all reimbursements requested have occurred and were during the period of performance. The maintenance of effort calculations will be prepared by the Treasurer and will be reviewed by the Director of Finance & HR, as well as the Director of Special Education to ensure the calculation is completed properly.

Anticipated Completion Date: June 4, 2019

FINDING 2018-008

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from the Federal Special Education Grants. All time and effort logs will be reviewed by the Director of Special Education. All employees paid 100% by the Federal Special Education Grants will have a semiannual certification completed and signed by their supervisors to be kept on file by the Treasurer.

Anticipated Completion Date: June 4, 2019

FINDING 2018-009

Contact Person Responsible for Corrective Action: Angela Vaughn, Director of Special Education & Support Services

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

When completing the Special Education December 1 count all supporting documentation will be maintained with the final report that is submitted to the DOE. This documentation will be reviewed and signed on the final report kept on file with the Secretary to the Superintendent.

Anticipated Completion Date: June 4, 2019

FINDING 2018-010

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Supporting documentation will be kept that is used to determine Eligibility for Title I. The Title I Compliance Specialist will verify the information for accuracy and keep documentation of the review.

Anticipated Completion Date: June 4, 2019

FINDING 2018-011

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Procurement, suspension, and debarment procedures will be implemented for all purchases made with federal funds. Documentation will be maintained to meet the requirements of the three different methods of procurement.

Anticipated Completion Date: July 1, 2019

FINDING 2018-0012

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education

Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Proper time and effort logs will be maintained by all employees paid partially from Title I. All time and effort logs will be reviewed by the Director of Elementary Education. All employees paid 100% by Title I

will complete a semiannual certification and approved by the supervisor or the Title I Compliance Specialist to be maintained by the Treasurer. All future payroll adjustments will be reviewed and approved by a second person to ensure accuracy and approval. This documentation will also be maintained.

Anticipated Completion Date: June 6, 2019

FINDING 2018-013

Contact Person Responsible for Corrective Action: Jill Mires, Director of Elementary Education
Contact Phone Number: 812-274-8001

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Expenditure reports will be processed monthly and approved by the Title I Compliance Specialist that all activities are allowed and within the period of performance. Internal controls have been established to ensure private schools' amounts are monitored for appropriate activities within their expenditures. The Testing Coordinator will create procedures to ensure all assessment security is in place and monitored with proper documentation kept.

Anticipated Completion Date: August 1, 2019


(Signature)

Director of Finance & Human Resources
(Title)

5/22/19
(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/>.