

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
MORGAN COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
12/04/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jim Diagostino	07-01-12 to 07-12-13
	Becky Merriman	07-13-13 to 08-29-14
	(Vacant)	08-30-14 to 08-31-14
	Rhondi Taylor	09-01-14 to 06-30-16
Superintendent of Schools	Brad Lindsey	07-01-12 to 06-30-13
	Larry Moore (Interim)	07-01-13 to 01-13-14
	David E. Marcotte	01-14-14 to 06-30-16
President of the School Board	William E. Roberson	07-01-12 to 06-30-16



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MOORESVILLE CONSOLIDATED
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 23, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is November 2, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 23, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is November 2, 2015



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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 MOORESVILLE CONSOLIDATED
SCHOOL CORPORATION, MORGAN 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 Mooresville Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 23, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is November 2, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, and 2014-003 to be material weaknesses.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, and 2014-003.

Mooresville Consolidated School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 23, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is November 2, 2015

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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.

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

	Cash and Investments 07-01-12		Other Financing Sources (Uses)		Cash and Investments 06-30-13		Other Financing Sources (Uses)		Cash and Investments 06-30-14	
	Receipts	Disbursements			Receipts	Disbursements			Receipts	Disbursements
General	\$ 4,083,662	\$ 25,836,937	\$ 24,170,106	\$ (1,783,730)	\$ 3,966,763	\$ 27,025,334	\$ 24,320,675	\$ (1,984,906)	\$ 4,686,516	
Debt Service	1,694,762	3,381,009	4,466,333	-	609,438	3,610,872	4,040,999	-	179,311	
Retirement/Severance Bond Debt Service	213,240	389,025	376,970	-	225,295	225,613	376,911	-	73,997	
Capital Projects	959,181	3,564,608	3,064,560	4,500	1,463,729	2,976,814	2,862,607	-	1,577,936	
School Transportation	1,071,669	2,284,769	2,026,690	(249,700)	1,080,048	2,404,545	2,096,624	(225,000)	1,162,969	
School Bus Replacement	242,728	462,236	411,866	-	293,098	470,840	393,453	-	370,485	
Rainy Day	4,476,597	334,476	1,333,638	2,025,000	5,502,435	-	472,893	2,225,000	7,254,542	
Retirement/Severance Bond Construction	1,717,101	-	-	-	1,717,101	-	842,177	-	874,924	
Construction 2006	-	1,661	-	-	1,661	831	-	-	2,492	
Construction 2010	12,396	-	6,447	-	5,949	-	3,750	-	2,199	
Construction/Neil Armstrong/Waverly	2,008	-	-	-	2,008	-	-	-	2,008	
Construction/MHS 2013B	-	181,000	-	-	181,000	-	181,000	-	-	
School Lunch	-	2,200,000	61,198	-	2,138,802	-	256,341	-	1,882,461	
Textbook Rental	352,442	1,924,468	1,918,154	-	358,756	1,847,630	1,970,545	-	235,841	
Levy Excess	461,356	421,307	520,536	-	362,127	451,986	444,592	-	369,521	
South Central Study Council	54,477	11,858	-	-	66,335	-	66,335	-	-	
Alternative Education	-	-	-	-	-	28,394	435	-	27,959	
Wall of Fame	-	97	-	-	97	-	97	-	-	
Waverly Science Grant	-	100	100	-	-	-	-	-	-	
Science Fair American Water	-	4,456	4,456	-	-	500	-	-	500	
State Farm Emergency	2,284	-	1,130	-	1,154	-	642	-	512	
St. Francis Red Ribbon Day	4,235	-	4,235	-	-	-	-	-	-	
Project Ignition 2	1,241	-	1,241	-	-	-	-	-	-	
Community Foundation Smart Boards	27	-	27	-	-	-	-	-	-	
Still Water Donation	3,000	-	3,000	-	-	860	860	-	-	
J. Wolfe English Grant	2,910	25	1,057	-	1,878	750	910	-	1,718	
Usage Grant CEC	-	-	-	-	-	1,000	1,000	-	-	
Miscellaneous Programs	3,281	-	-	-	3,281	-	-	-	3,281	
Generations MHS Project	2,470	-	-	-	2,470	-	2,364	-	106	
Professional Development Conf/Page	-	-	-	-	-	250	247	-	3	
MCSC Website Sponsors	-	394	394	-	-	-	-	-	-	
Kendrick Social Skills	-	1,250	1,162	-	88	-	-	-	88	
Kendrick Nursing	-	-	-	-	-	12,250	649	-	11,601	
Kendrick Vision/Hearing	-	-	-	-	-	4,750	-	-	4,750	
Kendrick Playground	-	-	-	-	-	15,225	-	-	15,225	
	-	287,586	117,593	-	169,993	23,700	193,627	-	66	

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

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

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Kendrick AED/Supplies	-	18,000	17,976	-	24	-	24	-	-
BECP	350	-	-	-	350	-	-	-	350
Primetime Grants	(31)	2,251	751	-	1,469	-	1,469	-	-
United Way Grants	1,436	3,500	1,732	-	3,204	1,800	2,339	-	2,665
Kendrick Grant Pandemic Flu Program	17,424	34,959	30,893	-	21,490	-	21,490	-	-
Instruction Support	11,035	43,688	38,093	-	16,630	43,254	44,313	-	15,571
Education Technology	(2,343)	280,852	278,509	-	-	417,900	417,900	-	-
Adult and Continuing Education	27,566	56,877	58,419	-	26,024	49,262	43,266	-	32,020
Medicaid Reimbursement	-	22,624	33	-	22,591	21,872	-	-	44,463
Homeland Security/Radios	-	-	-	-	-	-	50,000	-	(50,000)
Non-English Speaking Programs P.L. 273-1999	9,002	1,980	10,982	-	-	-	-	-	-
School Technology	1,809	319,138	274,702	-	46,245	68,661	28,892	-	86,014
Technology Planning Grant	-	30,000	19,120	-	10,880	-	10,880	-	-
Miscellaneous Programs	-	121,511	18,291	-	103,220	89,641	41,833	-	151,028
Consumables	-	-	-	-	-	48,551	13,217	-	35,334
McKinney Vento Grants	(1,242)	48,946	71,096	-	(23,392)	71,227	51,710	-	(3,875)
Local Wellness Grant	130	-	-	-	130	-	-	-	130
Title I	-	-	-	-	-	283,286	297,387	-	(14,101)
Title I 2011-2012	(53,975)	150,734	96,759	-	-	-	-	-	-
Title I Homeless 2012-13	-	332,055	364,185	-	(32,130)	105,934	73,806	-	(2)
Title V 2007-2008	2,530	-	2,530	-	-	-	-	-	-
Serve America	8,259	-	1,928	-	6,331	-	672	-	5,659
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(38,368)	764,308	865,083	(1,096)	(140,239)	1,043,262	932,005	-	(28,982)
Special Ed Part B	-	64,460	64,460	-	-	76,212	76,212	-	-
Pre-School Life Skills	(1,025)	22,969	28,139	-	(6,195)	28,753	26,538	-	(3,980)
Social Service Block Grant - Federal	-	46,267	9,624	-	36,643	44,730	40,599	-	40,774
Improving Teaching Quality, No Child Left, Title II, Part A	(153,821)	254,614	129,596	6,287	(22,516)	81,684	91,177	-	(32,009)
Title III - Language Instruction	(746)	-	2,793	3,539	-	-	-	-	-
Title I - Grants to LEAs	354	-	354	-	-	-	-	-	-
Education Jobs	(32,537)	92,608	60,071	-	-	-	-	-	-
Payroll Clearing	65,625	6,225,279	6,196,245	-	94,660	6,270,177	6,223,156	-	141,681
Totals	\$ 15,222,499	\$ 50,224,882	\$ 47,133,257	\$ 4,800	\$ 18,318,925	\$ 47,848,350	\$ 47,018,618	\$ 15,094	\$ 19,163,751

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. 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. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2014.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporations

The School Corporation has entered into capital leases with Mooresville Consolidated School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years 2012-2013 and 2013-2014 totaled \$0 and \$758,000, respectively.

The School Corporation has entered into capital leases with Mooresville School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years 2012-2013 and 2013-2014 totaled \$537,222 and \$326,347, respectively.

The School Corporation has entered into capital leases with Mooresville Consolidated Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the school years 2012-2013 and 2013-2014 totaled \$2,539,185 and \$2,534,570, respectively.

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OTHER INFORMATION - UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 4,083,662	\$ 1,694,762	\$ 213,240	\$ 959,181	\$ 1,071,669	\$ 242,728	\$ 4,476,597	\$ 1,717,101	\$ -
Receipts:									
Local sources	100,433	3,381,009	389,025	3,343,427	2,249,011	462,236	334,476	-	1,661
Intermediate sources	4	-	-	-	-	-	-	-	-
State sources	25,736,500	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	221,181	35,758	-	-	-	-
Total receipts	<u>25,836,937</u>	<u>3,381,009</u>	<u>389,025</u>	<u>3,564,608</u>	<u>2,284,769</u>	<u>462,236</u>	<u>334,476</u>	<u>-</u>	<u>1,661</u>
Disbursements:									
Current:									
Instruction	16,973,344	-	-	-	-	-	-	-	-
Support services	6,663,892	-	-	1,669,162	2,026,690	411,866	829,978	-	-
Noninstructional services	443,049	-	-	-	-	-	-	-	-
Facilities acquisition and construction	89,821	-	-	1,395,398	-	-	503,660	-	-
Debt services	-	4,466,333	376,970	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>24,170,106</u>	<u>4,466,333</u>	<u>376,970</u>	<u>3,064,560</u>	<u>2,026,690</u>	<u>411,866</u>	<u>1,333,638</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,666,831</u>	<u>(1,085,324)</u>	<u>12,055</u>	<u>500,048</u>	<u>258,079</u>	<u>50,370</u>	<u>(999,162)</u>	<u>-</u>	<u>1,661</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	4,500	300	-	-	-	-
Transfers in	-	-	-	-	-	-	2,025,000	-	-
Transfers out	<u>(1,783,730)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,783,730)</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>(249,700)</u>	<u>-</u>	<u>2,025,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(116,899)</u>	<u>(1,085,324)</u>	<u>12,055</u>	<u>504,548</u>	<u>8,379</u>	<u>50,370</u>	<u>1,025,838</u>	<u>-</u>	<u>1,661</u>
Cash and investments - ending	<u>\$ 3,966,763</u>	<u>\$ 609,438</u>	<u>\$ 225,295</u>	<u>\$ 1,463,729</u>	<u>\$ 1,080,048</u>	<u>\$ 293,098</u>	<u>\$ 5,502,435</u>	<u>\$ 1,717,101</u>	<u>\$ 1,661</u>

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

	Construction 2006	Construction 2010	Construction Neil Armstrong Waverly	Construction MHS 2013B	School Lunch	Textbook Rental	Levy Excess	South Central Study Council	Alternative Education
Cash and investments - beginning	\$ 12,396	\$ 2,008	\$ -	\$ -	\$ 352,442	\$ 461,356	\$ 54,477	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	1,073,108	290,312	11,858	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	18,257	130,995	-	-	97
Federal sources	-	-	-	-	833,103	-	-	-	-
Temporary loans	-	-	181,000	2,200,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>181,000</u>	<u>2,200,000</u>	<u>1,924,468</u>	<u>421,307</u>	<u>11,858</u>	<u>-</u>	<u>97</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	520,536	-	-	-
Noninstructional services	-	-	-	-	1,918,154	-	-	-	-
Facilities acquisition and construction	6,447	-	-	61,198	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>6,447</u>	<u>-</u>	<u>-</u>	<u>61,198</u>	<u>1,918,154</u>	<u>520,536</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(6,447)</u>	<u>-</u>	<u>181,000</u>	<u>2,138,802</u>	<u>6,314</u>	<u>(99,229)</u>	<u>11,858</u>	<u>-</u>	<u>97</u>
Other financing sources (uses):									
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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,447)</u>	<u>-</u>	<u>181,000</u>	<u>2,138,802</u>	<u>6,314</u>	<u>(99,229)</u>	<u>11,858</u>	<u>-</u>	<u>97</u>
Cash and investments - ending	<u>\$ 5,949</u>	<u>\$ 2,008</u>	<u>\$ 181,000</u>	<u>\$ 2,138,802</u>	<u>\$ 358,756</u>	<u>\$ 362,127</u>	<u>\$ 66,335</u>	<u>\$ -</u>	<u>\$ 97</u>

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

	Wall of Fame	Waverly Science Grant	Science Fair American Water	State Farm Emergency	St. Francis Red Ribbon Day	Project Ignition 2	Community Foundation Smart Boards	Still Water Donation	J. Wolfe English Grant
Cash and investments - beginning	\$ -	\$ -	\$ 2,284	\$ 4,235	\$ 1,241	\$ 27	\$ 3,000	\$ 2,910	\$ -
Receipts:									
Local sources	100	4,456	-	-	-	-	-	25	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	100	4,456	-	-	-	-	-	25	-
Disbursements:									
Current:									
Instruction	-	4,456	1,130	-	1,241	-	-	-	-
Support services	100	-	-	4,235	-	27	3,000	1,057	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	100	4,456	1,130	4,235	1,241	27	3,000	1,057	-
Excess (deficiency) of receipts over disbursements	-	-	(1,130)	(4,235)	(1,241)	(27)	(3,000)	(1,032)	-
Other financing sources (uses):									
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	-	-	(1,130)	(4,235)	(1,241)	(27)	(3,000)	(1,032)	-
Cash and investments - ending	\$ -	\$ -	\$ 1,154	\$ -	\$ -	\$ -	\$ -	\$ 1,878	\$ -

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

	Usage Grant CEC	Miscellaneous Programs	Generations MHS Project	Professional Development Conf/Page	MCSC Website Sponsors	Kendrick Social Skills	Kendrick Nursing	Kendrick Vision/ Hearing	Kendrick Playground
Cash and investments - beginning	\$ 3,281	\$ 2,470	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	287,586
Intermediate sources	-	-	-	394	1,250	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	394	1,250	-	-	-	287,586
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	394	1,162	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	117,593
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	394	1,162	-	-	-	117,593
Excess (deficiency) of receipts over disbursements	-	-	-	-	88	-	-	-	169,993
Other financing sources (uses):									
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	-	-	-	-	88	-	-	-	169,993
Cash and investments - ending	\$ 3,281	\$ 2,470	\$ -	\$ -	\$ 88	\$ -	\$ -	\$ -	\$ 169,993

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

	Kendrick AED/Supplies	BECP	Primetime Grants	United Way Grants	Kendrick Grant Pandemic Flu Program	Instruction Support	Education Technology	Adult and Continuing Education
Cash and investments - beginning	\$ -	\$ 350	\$ (31)	\$ 1,436	\$ 17,424	\$ 11,035	\$ (2,343)	\$ 27,566
Receipts:								
Local sources	18,000	-	2,251	3,500	34,959	-	-	56,877
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	43,688	280,852	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	18,000	-	2,251	3,500	34,959	43,688	280,852	56,877
Disbursements:								
Current:								
Instruction	-	-	751	1,732	-	38,093	-	58,169
Support services	-	-	-	-	30,893	-	278,509	250
Noninstructional services	17,976	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	17,976	-	751	1,732	30,893	38,093	278,509	58,419
Excess (deficiency) of receipts over disbursements	24	-	1,500	1,768	4,066	5,595	2,343	(1,542)
Other financing sources (uses):								
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	24	-	1,500	1,768	4,066	5,595	2,343	(1,542)
Cash and investments - ending	\$ 24	\$ 350	\$ 1,469	\$ 3,204	\$ 21,490	\$ 16,630	\$ -	\$ 26,024

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

	Medicaid Reimbursement	Homeland Security/ Radios	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Planning Grant	Miscellaneous Programs	Consumables	McKinney Vento Grants
Cash and investments - beginning	\$ -	\$ -	\$ 9,002	\$ 1,809	\$ -	\$ -	\$ -	\$ (1,242)
Receipts:								
Local sources	-	-	-	12	-	121,511	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	22,624	-	1,980	13,223	30,000	-	-	48,946
Federal sources	-	-	-	305,903	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	22,624	-	1,980	319,138	30,000	121,511	-	48,946
Disbursements:								
Current:								
Instruction	33	-	4,753	-	-	18,291	-	69,962
Support services	-	-	6,229	274,702	19,120	-	-	1,134
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	33	-	10,982	274,702	19,120	18,291	-	71,096
Excess (deficiency) of receipts over disbursements	22,591	-	(9,002)	44,436	10,880	103,220	-	(22,150)
Other financing sources (uses):								
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	22,591	-	(9,002)	44,436	10,880	103,220	-	(22,150)
Cash and investments - ending	\$ 22,591	\$ -	\$ -	\$ 46,245	\$ 10,880	\$ 103,220	\$ -	\$ (23,392)

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

	Local Wellness Grant	Title I	Title I 2011-2012	Title 1 Homeless 2012-2013	Title V 2007-2008	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Part B
Cash and investments - beginning	\$ 130	\$ -	\$ (53,975)	\$ -	\$ 2,530	\$ 8,259	\$ (38,368)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	150,734	332,055	-	-	764,308	64,460
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	150,734	332,055	-	-	764,308	64,460
Disbursements:								
Current:								
Instruction	-	-	85,499	327,580	-	-	812,044	64,460
Support services	-	-	6,212	18,814	2,530	1,928	50,619	-
Noninstructional services	-	-	5,048	17,791	-	-	2,420	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	96,759	364,185	2,530	1,928	865,083	64,460
Excess (deficiency) of receipts over disbursements	-	-	53,975	(32,130)	(2,530)	(1,928)	(100,775)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(1,096)	-
Total other financing sources (uses)	-	-	-	-	-	-	(1,096)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	53,975	(32,130)	(2,530)	(1,928)	(101,871)	-
Cash and investments - ending	\$ 130	\$ -	\$ -	\$ (32,130)	\$ -	\$ 6,331	\$ (140,239)	\$ -

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

	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Title I - Grants to LEAs	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (1,025)	\$ -	\$ (153,821)	\$ (746)	\$ 354	\$ (32,537)	\$ 65,625	\$ 15,222,499
Receipts:								
Local sources	-	-	-	-	-	-	-	12,165,833
Intermediate sources	-	-	-	-	-	-	-	1,648
State sources	-	-	-	-	-	-	-	26,327,162
Federal sources	22,969	46,267	254,614	-	-	92,608	-	2,867,021
Temporary loans	-	-	-	-	-	-	-	2,381,000
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	6,225,279	6,482,218
Total receipts	<u>22,969</u>	<u>46,267</u>	<u>254,614</u>	<u>-</u>	<u>-</u>	<u>92,608</u>	<u>6,225,279</u>	<u>50,224,882</u>
Disbursements:								
Current:								
Instruction	28,139	9,624	92,323	-	-	-	-	18,591,624
Support services	-	-	37,273	2,793	337	60,071	-	12,923,513
Noninstructional services	-	-	-	-	17	-	-	2,522,048
Facilities acquisition and construction	-	-	-	-	-	-	-	2,056,524
Debt services	-	-	-	-	-	-	-	4,843,303
Nonprogrammed charges	-	-	-	-	-	-	6,196,245	6,196,245
Total disbursements	<u>28,139</u>	<u>9,624</u>	<u>129,596</u>	<u>2,793</u>	<u>354</u>	<u>60,071</u>	<u>6,196,245</u>	<u>47,133,257</u>
Excess (deficiency) of receipts over disbursements	<u>(5,170)</u>	<u>36,643</u>	<u>125,018</u>	<u>(2,793)</u>	<u>(354)</u>	<u>32,537</u>	<u>29,035</u>	<u>3,091,626</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	4,800
Transfers in	-	-	6,287	3,539	-	-	-	2,034,826
Transfers out	-	-	-	-	-	-	-	(2,034,826)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>6,287</u>	<u>3,539</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,800</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,170)</u>	<u>36,643</u>	<u>131,305</u>	<u>746</u>	<u>(354)</u>	<u>32,537</u>	<u>29,035</u>	<u>3,096,426</u>
Cash and investments - ending	<u>\$ (6,195)</u>	<u>\$ 36,643</u>	<u>\$ (22,516)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 94,660</u>	<u>\$ 18,318,925</u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 3,966,763	\$ 609,438	\$ 225,295	\$ 1,463,729	\$ 1,080,048	\$ 293,098	\$ 5,502,435	\$ 1,717,101	\$ 1,661
Receipts:									
Local sources	141,072	3,610,872	225,613	2,976,814	2,376,519	470,840	-	-	831
Intermediate sources	10	-	-	-	-	-	-	-	-
State sources	26,884,252	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	28,026	-	-	-	-
Total receipts	<u>27,025,334</u>	<u>3,610,872</u>	<u>225,613</u>	<u>2,976,814</u>	<u>2,404,545</u>	<u>470,840</u>	<u>-</u>	<u>-</u>	<u>831</u>
Disbursements:									
Current:									
Instruction	17,073,746	-	-	-	-	-	-	-	-
Support services	6,735,026	-	-	1,742,558	2,096,624	393,453	33,607	842,177	-
Noninstructional services	430,267	-	-	-	-	-	-	-	-
Facilities acquisition and construction	81,636	-	-	1,120,049	-	-	404,181	-	-
Debt services	-	4,040,999	376,911	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	35,105	-	-
Total disbursements	<u>24,320,675</u>	<u>4,040,999</u>	<u>376,911</u>	<u>2,862,607</u>	<u>2,096,624</u>	<u>393,453</u>	<u>472,893</u>	<u>842,177</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,704,659</u>	<u>(430,127)</u>	<u>(151,298)</u>	<u>114,207</u>	<u>307,921</u>	<u>77,387</u>	<u>(472,893)</u>	<u>(842,177)</u>	<u>831</u>
Other financing sources (uses):									
Sale of capital assets	15,094	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	2,225,000	-	-
Transfers out	<u>(2,000,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(1,984,906)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(225,000)</u>	<u>-</u>	<u>2,225,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>719,753</u>	<u>(430,127)</u>	<u>(151,298)</u>	<u>114,207</u>	<u>82,921</u>	<u>77,387</u>	<u>1,752,107</u>	<u>(842,177)</u>	<u>831</u>
Cash and investments - ending	<u>\$ 4,686,516</u>	<u>\$ 179,311</u>	<u>\$ 73,997</u>	<u>\$ 1,577,936</u>	<u>\$ 1,162,969</u>	<u>\$ 370,485</u>	<u>\$ 7,254,542</u>	<u>\$ 874,924</u>	<u>\$ 2,492</u>

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

	Construction 2006	Construction 2010	Construction Neil Armstrong Waverly	Construction MHS 2013B	School Lunch	Textbook Rental	Levy Excess	South Central Study Council	Alternative Education
Cash and investments - beginning	\$ 5,949	\$ 2,008	\$ 181,000	\$ 2,138,802	\$ 358,756	\$ 362,127	\$ 66,335	\$ -	\$ 97
Receipts:									
Local sources	-	-	-	-	1,086,309	312,720	-	28,394	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	17,230	139,266	-	-	-
Federal sources	-	-	-	-	744,091	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	1,847,630	451,986	-	28,394	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	97
Support services	-	-	-	-	-	444,592	66,335	435	-
Noninstructional services	-	-	-	-	1,970,545	-	-	-	-
Facilities acquisition and construction	3,750	-	181,000	256,341	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	3,750	-	181,000	256,341	1,970,545	444,592	66,335	435	97
Excess (deficiency) of receipts over disbursements	(3,750)	-	(181,000)	(256,341)	(122,915)	7,394	(66,335)	27,959	(97)
Other financing sources (uses):									
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	(3,750)	-	(181,000)	(256,341)	(122,915)	7,394	(66,335)	27,959	(97)
Cash and investments - ending	\$ 2,199	\$ 2,008	\$ -	\$ 1,882,461	\$ 235,841	\$ 369,521	\$ -	\$ 27,959	\$ -

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

	Wall of Fame	Waverly Science Grant	Science Fair American Water	State Farm Emergency	St. Francis Red Ribbon Day	Project Ignition 2	Community Foundation Smart Boards	Still Water Donation	J. Wolfe English Grant
Cash and investments - beginning	\$ -	\$ -	\$ 1,154	\$ -	\$ -	\$ -	\$ -	\$ 1,878	\$ -
Receipts:									
Local sources	-	500	-	-	-	-	860	750	1,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	500	-	-	-	-	860	750	1,000
Disbursements:									
Current:									
Instruction	-	-	642	-	-	-	860	-	1,000
Support services	-	-	-	-	-	-	-	910	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	642	-	-	-	860	910	1,000
Excess (deficiency) of receipts over disbursements	-	500	(642)	-	-	-	-	(160)	-
Other financing sources (uses):									
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	-	500	(642)	-	-	-	-	(160)	-
Cash and investments - ending	\$ -	\$ 500	\$ 512	\$ -	\$ -	\$ -	\$ -	\$ 1,718	\$ -

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

	Usage Grant CEC	Miscellaneous Programs	Generations MHS Project	Professional Development Conf/Page	MCSC Website Sponsors	Kendrick Social Skills	Kendrick Nursing	Kendrick Vision/ Hearing	Kendrick Playground
Cash and investments - beginning	\$ 3,281	\$ 2,470	\$ -	\$ -	\$ 88	\$ -	\$ -	\$ -	\$ 169,993
Receipts:									
Local sources	-	-	250	-	-	12,250	4,750	15,225	23,700
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	250	-	-	12,250	4,750	15,225	23,700
Disbursements:									
Current:									
Instruction	-	2,364	247	-	-	-	-	-	-
Support services	-	-	-	-	-	649	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	193,627
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	2,364	247	-	-	649	-	-	193,627
Excess (deficiency) of receipts over disbursements	-	(2,364)	3	-	-	11,601	4,750	15,225	(169,927)
Other financing sources (uses):									
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	-	(2,364)	3	-	-	11,601	4,750	15,225	(169,927)
Cash and investments - ending	\$ 3,281	\$ 106	\$ 3	\$ -	\$ 88	\$ 11,601	\$ 4,750	\$ 15,225	\$ 66

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

	Kendrick AED/Supplies	BECP	Primetime Grants	United Way Grants	Kendrick Grant Pandemic Flu Program	Instruction Support	Education Technology	Adult and Continuing Education
Cash and investments - beginning	\$ 24	\$ 350	\$ 1,469	\$ 3,204	\$ 21,490	\$ 16,630	\$ -	\$ 26,024
Receipts:								
Local sources	-	-	-	1,800	-	-	-	49,262
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	43,254	417,900	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	1,800	-	43,254	417,900	49,262
Disbursements:								
Current:								
Instruction	-	-	1,469	2,339	-	44,042	-	43,266
Support services	-	-	-	-	21,490	271	417,900	-
Noninstructional services	24	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	24	-	1,469	2,339	21,490	44,313	417,900	43,266
Excess (deficiency) of receipts over disbursements	(24)	-	(1,469)	(539)	(21,490)	(1,059)	-	5,996
Other financing sources (uses):								
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	(24)	-	(1,469)	(539)	(21,490)	(1,059)	-	5,996
Cash and investments - ending	\$ -	\$ 350	\$ -	\$ 2,665	\$ -	\$ 15,571	\$ -	\$ 32,020

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

	Medicaid Reimbursement	Homeland Security/ Radios	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Planning Grant	Miscellaneous Programs	Consumables	McKinney Vento Grants
Cash and investments - beginning	\$ 22,591	\$ -	\$ -	\$ 46,245	\$ 10,880	\$ 103,220	\$ -	\$ (23,392)
Receipts:								
Local sources	-	-	-	-	-	89,641	48,551	629
Intermediate sources	-	-	-	-	-	-	-	-
State sources	21,872	-	-	7,444	-	-	-	70,598
Federal sources	-	-	-	61,217	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>21,872</u>	<u>-</u>	<u>-</u>	<u>68,661</u>	<u>-</u>	<u>89,641</u>	<u>48,551</u>	<u>71,227</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	41,833	13,217	51,710
Support services	-	-	-	28,892	10,880	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	50,000	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>28,892</u>	<u>10,880</u>	<u>41,833</u>	<u>13,217</u>	<u>51,710</u>
Excess (deficiency) of receipts over disbursements	<u>21,872</u>	<u>(50,000)</u>	<u>-</u>	<u>39,769</u>	<u>(10,880)</u>	<u>47,808</u>	<u>35,334</u>	<u>19,517</u>
Other financing sources (uses):								
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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>21,872</u>	<u>(50,000)</u>	<u>-</u>	<u>39,769</u>	<u>(10,880)</u>	<u>47,808</u>	<u>35,334</u>	<u>19,517</u>
Cash and investments - ending	<u>\$ 44,463</u>	<u>\$ (50,000)</u>	<u>\$ -</u>	<u>\$ 86,014</u>	<u>\$ -</u>	<u>\$ 151,028</u>	<u>\$ 35,334</u>	<u>\$ (3,875)</u>

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

	Local Wellness Grant	Title I	Title I 2011-2012	Title 1 Homeless 2012-2013	Title V 2007-2008	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Part B
Cash and investments - beginning	\$ 130	\$ -	\$ -	\$ (32,130)	\$ -	\$ 6,331	\$ (140,239)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	283,286	-	105,934	-	-	1,043,262	76,212
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	283,286	-	105,934	-	-	1,043,262	76,212
Disbursements:								
Current:								
Instruction	-	224,511	-	72,158	-	-	906,562	24,157
Support services	-	53,210	-	-	-	672	9,344	52,055
Noninstructional services	-	19,666	-	1,648	-	-	16,099	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	297,387	-	73,806	-	672	932,005	76,212
Excess (deficiency) of receipts over disbursements	-	(14,101)	-	32,128	-	(672)	111,257	-
Other financing sources (uses):								
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	-	(14,101)	-	32,128	-	(672)	111,257	-
Cash and investments - ending	\$ 130	\$ (14,101)	\$ -	\$ (2)	\$ -	\$ 5,659	\$ (28,982)	\$ -

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

	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Title III - Language Instruction	Title I - Grants to LEAs	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (6,195)	\$ 36,643	\$ (22,516)	\$ -	\$ -	\$ -	\$ 94,660	\$ 18,318,925
Receipts:								
Local sources	-	-	-	-	-	-	-	11,479,152
Intermediate sources	-	-	-	-	-	-	-	10
State sources	-	-	-	-	-	-	-	27,601,816
Federal sources	28,753	44,730	81,684	-	-	-	-	2,469,169
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	6,270,177	6,270,177
Other	-	-	-	-	-	-	-	28,026
Total receipts	<u>28,753</u>	<u>44,730</u>	<u>81,684</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,270,177</u>	<u>47,848,350</u>
Disbursements:								
Current:								
Instruction	26,538	40,599	-	-	-	-	-	18,571,357
Support services	-	-	91,177	-	-	-	-	13,042,257
Noninstructional services	-	-	-	-	-	-	-	2,631,876
Facilities acquisition and construction	-	-	-	-	-	-	-	2,096,957
Debt services	-	-	-	-	-	-	-	4,417,910
Nonprogrammed charges	-	-	-	-	-	-	6,223,156	6,258,261
Total disbursements	<u>26,538</u>	<u>40,599</u>	<u>91,177</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,223,156</u>	<u>47,018,618</u>
Excess (deficiency) of receipts over disbursements	<u>2,215</u>	<u>4,131</u>	<u>(9,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,021</u>	<u>829,732</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	15,094
Transfers in	-	-	-	-	-	-	-	2,225,000
Transfers out	-	-	-	-	-	-	-	(2,225,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>15,094</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,215</u>	<u>4,131</u>	<u>(9,493)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,021</u>	<u>844,826</u>
Cash and investments - ending	\$ <u>(3,980)</u>	\$ <u>40,774</u>	\$ <u>(32,009)</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>141,681</u>	\$ <u>19,163,751</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Cross Roads Bank	Camera Lease	\$ 66,812	1/1/2013	7/1/2015
Cross Roads Bank	Signage Lease	71,678	1/1/2013	1/1/2019
Regions	Technology	338,361	8/1/2014	8/1/2015
Regions	2010 Bus Lease	82,324	4/5/2010	8/1/2014
Regions	2012 Bus Lease	66,083	7/10/2012	1/10/2017
Regions	2013 Bus Lease	76,440	7/16/2012	1/16/2017
Regions	2014 Bus Lease	76,291	9/3/2014	10/1/2018
Mooreville School Building Corporation	MCSBC QZAB NM 2011B	211,400	6/30/2012	12/31/2020
Mooreville Consolidated School Building Corporation	MCSBC 2013/NA	70,000	1/15/2014	1/15/2027
Mooreville Consolidated School Building Corporation	MCSBC 2013/MHS	622,225	7/15/2014	1/15/2030
Mooreville Consolidated Building Corporation	MSBC 2009/MHS	1,358,000	7/15/2005	7/15/2019
Mooreville Consolidated Building Corporation	MSBC 2005/PHMS	1,143,225	7/15/2005	7/15/2019
Mooreville School Building Corporation	MSBC 2001/Ne-Nw	1,000	7/15/2012	1/15/2024
Mooreville School Building Corporation	MCBC 2010 MHS	157,000	7/1/2010	1/1/2025
Mooreville School Building Corporation	MSBC QSAB PHMS	1,150	1/1/2012	1/1/2019
Mooreville Consolidated School Building Corporation	MCSC QZAB 2014A	35,000	7/15/2015	1/15/2035
Mooreville School Building Corporation	MCSC QZAB 2014B	35,000	7/15/2015	1/15/2035
Total governmental activities		<u>4,411,989</u>		
Total of annual lease payments		<u>\$ 4,411,989</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Common School #1621	\$ 376,110	\$ 87,133
General obligation bonds	MCSC Pension Bond	2,690,718	95,718
General obligation bonds	Common School #1480	245,527	84,094
General obligation bonds	Common School #1540	288,820	85,203
General obligation bonds	COMMOM SCHOOL #1694	376,110	87,133
Total governmental activities		<u>3,977,285</u>	<u>439,281</u>
Totals		<u>\$ 3,977,285</u>	<u>\$ 439,281</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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	\$ 2,099,700
Infrastructure	10
Buildings	37,673,726
Improvements other than buildings	876,604
Machinery, equipment, and vehicles	5,336,898
Total governmental activities	45,986,938
Total capital assets	\$ 45,986,938

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE MOORESVILLE CONSOLIDATED
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Mooresville Consolidated School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-004, 2014-005, and 2014-006 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

April 23, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY 2013	\$ 146,119	\$ -
School Breakfast Program			FY 2014	-	124,784
Total - School Breakfast Program				<u>146,119</u>	<u>124,784</u>
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555			
School Lunch Program			FY 2013	796,679	-
School Lunch Program			FY 2014	-	728,874
Total - National School Lunch Program				<u>796,679</u>	<u>728,874</u>
Total - Department of Agriculture				<u>942,798</u>	<u>853,658</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education - Grants to States	Indiana Department of Education	84.027			
FY 2011			14211-063-PN01	939	-
FY 2012			14212-063-PN01	243,808	4,740
FY 2013			14213-063-PN01	519,561	300,142
FY 2014			14214-063-PN01	-	738,380
Special Education Tech Assistance			99914.063-TA01	-	6,811
Special Education Improvement	Indiana Department of Education	84.027	14214-063-PN01	<u>64,460</u>	<u>69,401</u>
Total - Special Education - Grants to States				<u>828,768</u>	<u>1,119,474</u>
Special Education - Preschool Grants					
FY 2012	Indiana Department of Education	84.173	45712-063-PN01	10,345	1
FY 2013			45713-063-PN01	12,624	15,380
FY 2014			45714-063-PN01	-	13,372
Total - Special Education - Preschool Grants				<u>22,969</u>	<u>28,753</u>
Total - Special Education Cluster (IDEA)				<u>851,737</u>	<u>1,148,227</u>

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Education (continued)</u>					
Title I, Part A Cluster					
Title I Grant to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2011-2012			12-5930	150,734	-
Title I 2012-2013			13-5930	332,055	105,934
Title I 2013-2014			14-5930	-	283,286
Total - Title I, Part A Cluster				<u>482,789</u>	<u>389,220</u>
Education of Homeless Children and Youth					
FY 2012	Indiana Department of Education	84.196	FY 2012	14,573	39,516
FY 2013			FY 2013	34,374	-
FY 2014			FY 2014	-	31,082
Total - Education of Homeless Children and Youth				<u>48,947</u>	<u>70,598</u>
Improving Teacher Quality State Grants					
Title II Teacher Improvement	Indiana Department of Education	84.367	2010-2011	121,207	-
Title II Teacher Improvement			2011-2012	118,651	-
Title II Teacher Improvement			2012-2013	14,756	70,700
Title II Teacher Improvement			2013-2014	-	10,984
Total - Improving Teacher Quality State Grants				<u>254,614</u>	<u>81,684</u>
Education Jobs Fund					
FY 2012-2013	Indiana Department of Education	84.410	2012-2013	92,608	-
Total - Department of Education				<u>1,730,695</u>	<u>1,689,729</u>
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medical Assistance Program	Indiana Family and Social Services Administration	93.778	A58-1-11DL-045	46,267	44,730
Total federal awards expended				<u>\$ 2,719,760</u>	<u>\$ 2,588,117</u>

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 109,695	\$ 109,568

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.367	Title I, Part A Cluster Special Education Cluster (IDEA) Improving Teacher Quality State Grants

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2014-001 - INTERNAL CONTROL OVER THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors: The federal awards expended for June 30, 2013, did not report many of the 2010-2011 and 2011-2012 grants that were reimbursed during this period. The cumulative effect of these errors understated the SEFA in the amount of \$1,272,381 for the period ending June 30, 2013. The federal awards expended for June 30, 2014, also contained grants not correctly reported with the cumulative effect of the errors understating the SEFA in the amount of \$55,737 for period ending June 30, 2014. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide the total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING - TEXTBOOK RENTAL FUND

The School Corporation has not established an effective internal control system over the reporting of the financial activity of the Textbook Rental fund. The School Corporation changed their handling of textbook rental funds during the 2013-2014 school year. The School Corporation began recording textbook rental activity in the ledger rather than in the extra-curricular accounts. However, the School Corporation failed to monitor the extra-curricular funds to see that textbook rental collections were being remitted to the School Corporation timely. As a result, the extra-curricular funds had some collections on hand that were not timely remitted and reported in the ledger and financial statement. Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement presented in this report.

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

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

The central office of a school corporation should ensure all financial information for school lunch and textbook rental maintained at all buildings is summarized and properly accounted for in School Lunch Fund 080, and Textbook Rental Fund 090, in each Biannual Financial Report (Form Nine) filed with the Indiana Department of Education. (The Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

FINDING 2014-003 - INTERNAL CONTROLS AND COMPLIANCE OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiencies constitute material weaknesses.

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to the performance of monthly bank reconciliements. Monthly bank reconciliements were not performed timely and were not reviewed after completion. The failure to establish these controls could enable misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2. **Monitoring of Controls:** An evaluation of the School Corporation's system of internal control has not been conducted. The failure to monitor the internal control system places the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, material misstatements in a timely manner. Additionally, the School Corporation has no process to identify or communicate corrective actions to improve controls. Effective internal controls over financial reporting requires the School Corporation to monitor and assess the quality of the system of internal control.

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

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

Indiana Code 5-13-6-1(e) states: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-004 - INTERNAL CONTROL OVER CASH MANAGEMENT AND REPORTING

Federal Agency: Department of Education
Federal Program: Improving Teacher Quality State Grants
CFDA Number: 84.367
Federal Award Number and Year (or Other Identifying Number): Project No. 2010-2011, 2011-2012,
and 2012-2013

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States and Special Education - Preschool Grants
CFDA Number: 84.027 and 84.173
Federal Award Number and Year (or Other Identifying Number): Project No. 14211-063-PN01,
14212-063-PN01, 14213-063-PN01,
14214-063-PN01, 45712-063-PN01,
45713-063-PN01, and 45714-063-PN01

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): Project No. 12-5930, 13-5930, and 14-5930
Pass-Through Entity: Indiana Department of Education

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and compliance requirements for Cash Management and Reporting that have a direct and material effect on the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Reimbursement Voucher is the form used to request reimbursements of program expenditures paid (Cash Management) as well as a required report by the Indiana Department of Education (Reporting). This form is prepared by the School Corporation Treasurer and submitted. The School Corporation Treasurer generates a financial report from their ledger of disbursements paid for the reporting period being covered for each grant award entitled Financial Report - Appropriation. This report is used to complete the Reimbursement Voucher by the School Corporation Treasurer and submitted to the Indiana Department of Education without being verified or reviewed. There is no segregation of duties such as an oversight, review, or approval process.

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

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

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

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

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

FINDING 2014-005 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Number and Year (or Other Identifying Number): Project No. 2010-2011, 2011-2012,
and 2012-2013

Pass-Through Entity: Indiana Department of Education

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States and Special Education - Preschool Grants
CFDA Number: 84.027 and 84.173
Federal Award Number and Year (or Other Identifying Number): Project No. 14211-063-PN01,
14212-063-PN01, 14213-063-PN01,
14214-063-PN01, 45712-063-PN01,
45713-063-PN01, and 45714-063-PN01

Pass-Through Entity: Indiana Department of Education

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): Project No. 12-5930, 13-5930, and 14-5930
Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system over the compliance requirement for Allowable Costs/Cost Principles that has a direct and material effect on the programs. The failure to establish an effective internal control system places the School Corporation at risk of material non-compliance.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required time and effort reports for all full and part-time employees working under a federal award are prepared and retained. When employees are paid from a federal grant, the School Corporation is required to obtain the appropriate certifications from all grant personnel to support their compensation; however, the School Corporation did not obtain these certifications.

OMB Circular A 87, Attachment B, item 8h, states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meet the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency."

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements that have a direct and material effect to the programs could result in the loss of federal funds to the School.

We recommended that the School Corporation establish controls related to the grant agreement and the compliance requirement noted above.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

FINDING 2014-006 - INTERNAL CONTROL OVER TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES, SPECIAL TESTS AND PROVISIONS, AND COMPARABILITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): Project No. 12-5930, 13-5930, and 14-5930

Pass-Through Entity: Indiana Department of Education

The School Corporation has not established an effective internal control system related to the grant agreement and the Special Tests and Provisions compliance requirement for Comparability. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that supporting documentation for the Comparability requirement is retained. During the review of Comparability requirement for the school year 2012-2013, the School Corporation used the corporation-wide salary schedule to ensure equivalence among schools in teachers, administrators, and other staff was provided. However, the School Corporation was unable to produce supporting documentation for the report. For the school year 2013-2014, the School Corporation complied with the requirement and had documentation to support the report.

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

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

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

We recommended that the School Corporation establish controls related to the grant agreement and Special Tests and Provisions compliance requirement for Comparability.

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AUDITEE PREPARED DOCUMENTS

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
EDUCATION CENTER

11 W. CARLISLE STREET, MOORESVILLE, INDIANA 46158
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DAVID E. MARCOTTE, SUPERINTENDENT
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Section III Federal Award Findings and Questioned Costs

Finding 2012-2 INTERNAL CONTROLS OVER ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education

Original Assigned SBA Audit Report Number: B41904

Report Period: 7-1-2010 to 6-30-2012

Federal Program: Title I Grants to Local Educational Agencies, ARRA Title I Grants to Local Educational Agencies, Recovery Act

CDFR Number and Year: 84.010, 84.389

Federal Award Number and Year: Project No. 10-5930; Project No. 11-5930, Project No. 12-5930; and Project No. 10-5930 (ARRA)

Contact Person: Casey Gibson, Director of Title I (casey.gibson@moorevilleschools.org)

Date: January 28, 2015

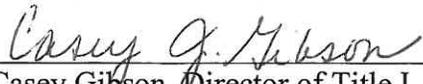
Correction Action Plan:

On Tuesday, January 29, 2013, a meeting was held to discuss the Title I grant requirements and documentation for Mooreville Schools. At the conclusion of the meeting, the following documented items were determined in need of corrective action for our district.

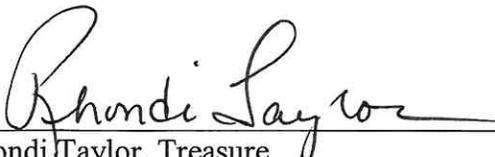
1. Completed Semi-Annual Certification Activity Reports for all employees working on a single cost objective
2. Time and Effort Logs/Personal Activity Reports (PAR) for employees who split time between Title I and other duties

The required documentation for the above mentioned items will be corrected immediately and documentation will be available for future reference.

Respectfully,



Casey Gibson, Director of Title I



Rhondi Taylor, Treasure

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CORRECTIVE ACTION PLAN

FINDING 2014-001

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

As a Governmental Unit, internal controls will be established for all Federal Programs. The Treasurer will prepare and complete all reports and respective Directors will review and sign off on each report before submission. Copies of all reports will be provided to Director, Treasurer and Asst. Superintendent of Business.

FINDING 2014-002

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

The Treasurer will request all textbook rental funds to be sent to Central Office in a timely manner. The Asst. Superintendent of Business will request an end of month financial report from each school which will be checked by the Asst. Treasurer and Asst. Superintendent of Business.

FINDING 2014-003

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

The Treasurer will do monthly bank reconcilements and provide proof of reconciliation to the Asst. Superintendent of Business.

FINDING 2014-004

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

As a Governmental Unit, internal controls will be established for all Federal Programs. The Treasurer will prepare and complete all reports and respective Directors will review and sign off on each report before submission. Copies of all reports will be provided to Director, Treasurer and Asst. Superintendent of Business.

FINDING 2014-005

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

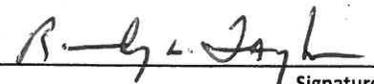
The Asst. Superintendent of Business will request each Director to establish policies and procedures to ensure that time logs will be prepared and retained on a semi-annual basis. All logs will be signed by the employee and/or their direct supervisor.

FINDING 2014-006

RANDY TAYLOR, SUPERINTENDENT OF BUSINESS
317-831-0950

The Asst. Superintendent of Business will ensure that all Directors will retain proper documentation of comparability reports.

WE ANTICIPATE ALL FINDINGS TO BE IN PLACE BY JULY 1, 2015.



Signature
Asst Supt

Title
4-10-2015

Date

OTHER REPORT

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