

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
LAKE COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
08/11/2016

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|--|--|
| Treasurer | Hilda Damianick Amy Tarr | 07-01-13 to 02-07-16 02-08-16 to 06-30-17 |
| Superintendent of Schools | Mark Sperling (Vacant) Dr. Tony Lux Jeffery T. Studebaker | 07-01-13 to 11-28-14 11-29-14 to 12-01-14 12-02-14 to 02-24-16 02-25-16 to 06-30-17 |
| President of the School Board | Mark S. Lucas | 07-01-13 to 12-31-16 |



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free 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, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 26, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

May 26, 2016



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

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE 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 Merrillville Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated May 26, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

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

Compliance and Other Matters

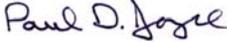
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Merrillville Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

May 26, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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

| Fund | Cash and Investments | | Other Financing | | Cash and Investments | | Other Financing | | Cash and Investments | |
|---|----------------------|---------------|-----------------|----------------|----------------------|---------------|-----------------|----------------|----------------------|--|
| | 07-01-13 | Receipts | Disbursements | Sources (Uses) | 06-30-14 | Receipts | Disbursements | Sources (Uses) | 06-30-15 | |
| General | \$ 6,441,403 | \$ 44,279,288 | \$ 44,933,511 | \$ (87,626) | \$ 5,699,554 | \$ 44,102,056 | \$ 44,188,364 | \$ (54,268) | \$ 5,558,978 | |
| Debt Service | 257,989 | 991,865 | 412,493 | (184,464) | 652,897 | 1,609,550 | 936,142 | (175,740) | 1,150,565 | |
| Exempt Debt | 10,078,800 | 20,799,263 | 20,347,726 | - | 10,530,337 | 15,187,566 | 16,884,000 | - | 8,833,903 | |
| Exempt Retirement/Severance Bond Debt Service | 561,855 | 1,362,753 | 1,108,279 | - | 816,329 | 1,349,741 | 1,271,317 | - | 894,753 | |
| Capital Projects | 5,648,777 | 9,086,737 | 8,447,375 | (2,000,000) | 4,288,139 | 7,015,689 | 5,313,061 | - | 5,990,767 | |
| School Transportation | 2,967,411 | 5,711,137 | 4,548,420 | (1,500,000) | 2,630,128 | 5,058,813 | 4,134,478 | (1,000,000) | 2,554,463 | |
| School Bus Replacement | 1,595,031 | 850,324 | - | - | 2,445,355 | 759,892 | 1,244,849 | - | 1,960,398 | |
| Rainy Day | 4,000,000 | - | - | 3,500,000 | 7,500,000 | - | 592,005 | 1,000,000 | 7,907,995 | |
| Retirement/Severance Bond | 4,532,614 | 111,585 | 935,043 | - | 3,709,156 | 382,447 | 352,320 | - | 3,739,283 | |
| Construction 2008 | 280,263 | 34 | 226,546 | - | 53,751 | 3 | 53,754 | - | - | |
| School Lunch | 1,243,316 | 3,502,499 | 4,218,558 | - | 527,257 | 4,489,707 | 4,166,483 | - | 850,481 | |
| Textbook Rental | 913,048 | 679,206 | 627,251 | 184,464 | 1,149,467 | 682,738 | 638,747 | 175,740 | 1,369,198 | |
| Self-Insurance | 4,800,112 | 8,884,961 | 7,615,243 | - | 6,069,830 | 7,815,441 | 7,272,770 | - | 6,612,501 | |
| Levy Excess | - | - | - | - | - | - | - | - | - | |
| Educational License Plates | 10,870 | 694 | - | - | 11,564 | 938 | 694 | - | 11,808 | |
| Alternative Education | (8,183) | 62,802 | 139,126 | 84,507 | - | 62,143 | 120,045 | 61,885 | 3,983 | |
| MASH Grant 2012/2013 | (3,755) | 6,116 | 2,361 | - | - | - | - | - | - | |
| MASH Grant 2013/2014 | - | 12,191 | 7,981 | - | 4,210 | - | 2,097 | - | 2,113 | |
| MASH Grant 2014/2015 | - | - | - | - | - | 4,580 | 10,931 | - | (6,351) | |
| Early Intervention 2014/2015 | - | 19,753 | 712 | - | 19,041 | - | 19,021 | - | 20 | |
| Early Intervention 2015 | - | - | - | - | - | 49,766 | 40,873 | - | 8,893 | |
| Scholarships and Awards | 77,513 | - | - | - | 77,513 | - | - | - | 77,513 | |
| Schrenker Scholarship | 26 | - | - | - | 26 | - | - | - | 26 | |
| PEPSI Scholarship | 1,000 | - | - | - | 1,000 | - | - | - | 1,000 | |
| VESA Scholarship | 2,415 | - | - | - | 2,415 | - | - | - | 2,415 | |
| Ratzska-Stochel Scholarship | 20,763 | - | - | - | 20,763 | - | - | - | 20,763 | |
| MEF Grants | 19,550 | 33,545 | 19,457 | - | 33,638 | 21,811 | 29,755 | - | 25,694 | |
| FEA Scholarship | 7,063 | 6,701 | 5,554 | - | 8,210 | 4,116 | 2,625 | - | 9,701 | |
| LASS Grant | - | 4,753 | 728 | - | 4,025 | - | - | - | 4,025 | |
| Rotary Club Scholarship | - | - | - | - | - | 2,000 | - | - | 2,000 | |
| LASS (Small Learning Comm) | 17,997 | 86,269 | 60,233 | - | 44,033 | 652 | 652 | - | 44,033 | |
| Djukic Scholarship | 6,550 | - | - | - | 6,550 | - | - | - | 6,550 | |
| MHS Dollars for Scholars | 25,374 | - | - | - | 25,374 | - | - | - | 25,374 | |
| Miscellaneous Programs | 1,033 | - | - | - | 1,033 | - | - | - | 1,033 | |
| COSEBOC | 14,198 | - | 6,337 | - | 7,861 | - | - | - | 7,861 | |
| Wellness Fund | 29,174 | 384 | 1,595 | - | 27,963 | 75 | - | - | 28,038 | |
| College Success | 1,000 | - | 190 | - | 810 | - | 407 | - | 403 | |
| Pepsi - Central | 956 | - | - | - | 956 | - | - | - | 956 | |
| Project Lead the Way 2015/2018 | - | - | - | - | - | 20,000 | 5,017 | - | 14,983 | |
| Pepsi - Transportation | 167 | 194 | 316 | - | 45 | 644 | 442 | - | 247 | |
| College/Career | - | - | - | - | - | 253,710 | 135,559 | - | 118,151 | |

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

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

| Fund | Cash and Investments 07-01-13 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-14 | Receipts | Disbursements | Other Financing Sources (Uses) | Cash and Investments 06-30-15 |
|--|-------------------------------------|-----------------------|-----------------------|--------------------------------------|-------------------------------------|-----------------------|-----------------------|--------------------------------------|-------------------------------------|
| Teacher Quality Improvement Program | 5,201 | - | - | - | 5,201 | - | - | - | 5,201 |
| Adult Ed | (35,497) | 156,502 | 201,335 | 122,232 | 41,902 | 91,430 | 143,949 | - | (10,617) |
| Adult Ed | - | - | - | - | - | - | - | - | - |
| Drug Free Communities | - | - | - | - | - | 14,000 | 15,466 | 5,966 | 4,500 |
| Secured Schools Safety Grant | - | - | 22,400 | - | (22,400) | 30,170 | 7,770 | - | - |
| DARE | 6,320 | 14,000 | 14,354 | - | 5,966 | - | - | (5,966) | - |
| Non-English Speaking Programs P.L.273-1999 | 202 | - | - | - | 202 | - | - | - | 202 |
| Non-English Speaking Programs 2012/2013 | 2,209 | - | 2,209 | - | - | - | - | - | - |
| Non-English Speaking Programs 2013/2014 | - | 19,047 | 18,163 | - | 884 | - | 884 | - | - |
| Non-English Speaking Programs 2014/2015 | - | - | - | - | - | 18,230 | 18,230 | - | - |
| School Technology | 184,282 | 25,188 | - | - | 209,470 | 18,927 | - | - | 228,397 |
| Daycare | 12,043 | 223,646 | 212,104 | - | 23,585 | 233,725 | 208,687 | - | 48,623 |
| Early Learners | 3,060 | - | - | - | 3,060 | - | - | - | 3,060 |
| Insurance Reserve | 1,075,004 | - | - | - | 1,075,004 | - | - | - | 1,075,004 |
| Graphic Arts | (1,835) | 14,613 | 12,778 | - | - | 17,407 | 17,407 | - | - |
| Title I Pt A School Improvement 2014/2015 | - | - | - | - | - | - | 17,417 | - | (17,417) |
| Title I Pt D 2012/2013 | (87,519) | 120,151 | 32,632 | - | - | - | - | - | - |
| Title I Pt D 2013/2014 | - | 218,998 | 268,598 | - | (49,600) | 83,208 | 33,608 | - | - |
| Title I Pt D 2014/2015 | - | - | - | - | - | 134,529 | 199,161 | - | (64,632) |
| Title I 2012/2013 | (297,128) | 674,485 | 377,357 | - | - | - | - | - | - |
| Title I 2013/2014 | - | 799,102 | 965,222 | 20,000 | (146,120) | 554,072 | 407,957 | - | (5) |
| Title I 2014/2015 | - | - | - | - | - | 778,391 | 1,152,770 | - | (374,379) |
| Drug Free | 4,128 | - | - | - | 4,128 | - | - | - | 4,128 |
| PBIS Grant 2013/2014 | (1,282) | 5,969 | 4,687 | - | - | - | - | - | - |
| Title II School Improvement 2011/2013 | (5,710) | 46,872 | 41,162 | - | - | - | - | - | - |
| Title II School Improvement 2012/2014 | (2,711) | 17,689 | 20,492 | - | (5,514) | 76,089 | 70,575 | - | - |
| Title II School Improvement 2013/2015 | - | - | 837 | (20,000) | (20,837) | 49,468 | 37,637 | - | (9,006) |
| Title III - Language Instruction | - | - | - | - | - | 814 | 814 | - | - |
| Title III Pt A 2012/2014 | (19,819) | 21,443 | 1,697 | 73 | - | - | - | - | - |
| Title III Pt A 2013/2015 | - | - | 28,094 | - | (28,094) | 31,200 | 3,106 | - | - |
| Title III Pt A 2014/2016 | - | - | - | - | - | 21,466 | 32,325 | - | (10,859) |
| STEM Grant 2013/2014 | - | 17,136 | 19,823 | - | (2,687) | 85,226 | 82,539 | - | - |
| STEM Grant 2014/2015 | - | - | - | - | - | - | 63,456 | - | (63,456) |
| Qualified Zone Academy Bond | 16,000 | - | 436,392 | 1,601,900 | 1,181,508 | - | 927,760 | - | 253,748 |
| Prepaid Food | 19,294 | 679,978 | 680,344 | - | 18,928 | 782,123 | 781,681 | - | 19,370 |
| Payroll Clearing | 392,751 | 11,164,108 | 11,216,516 | - | 340,343 | 11,131,605 | 11,142,046 | - | 329,902 |
| Flex Spending | 15,188 | 28,458 | 31,624 | - | 12,022 | 39,370 | 42,028 | - | 9,364 |
| Totals | \$ 44,828,511 | \$ 110,740,439 | \$ 108,273,855 | \$ 1,721,086 | \$ 49,016,181 | \$ 103,065,528 | \$ 102,823,681 | \$ 7,617 | \$ 49,265,645 |

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, 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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources, which 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, which 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.

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.

F. Other Financing Sources and Uses

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

Proceeds of long-term debt, which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of grant expenditures for which reimbursements had not been received prior to June 30, 2014 and 2015.

Note 8. Restatements

For the year ended June 30, 2013, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

| Fund Name | Balance as of June 30, 2013 | New Fund | Balance as of July 1, 2013 |
|---------------|-----------------------------------|-----------|----------------------------------|
| Prepaid Food | \$ - | \$ 19,294 | \$ 19,294 |
| Flex Spending | - | 15,188 | 15,188 |

Note 9. Holding Corporation

The School Corporation has entered into capital leases with the Merrillville Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2014 and 2015, totaled \$20,262,000 and \$17,504,000, respectively.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision insurance. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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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.

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

| | General | Debt Service | Exempt Debt | Exempt Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day |
|---|---------------------|-------------------|----------------------|---|---------------------|--------------------------|------------------------------|---------------------|
| Cash and investments - beginning | \$ 6,441,403 | \$ 257,989 | \$ 10,078,800 | \$ 561,855 | \$ 5,648,777 | \$ 2,967,411 | \$ 1,595,031 | \$ 4,000,000 |
| Receipts: | | | | | | | | |
| Local sources | 498,829 | 991,865 | 20,799,263 | 1,362,753 | 9,086,737 | 5,698,463 | 850,324 | - |
| Intermediate sources | 208,500 | - | - | - | - | - | - | - |
| State sources | 43,504,924 | - | - | - | - | - | - | - |
| Federal sources | 63,235 | - | - | - | - | - | - | - |
| Other | 3,800 | - | - | - | - | 12,674 | - | - |
| Total receipts | <u>44,279,288</u> | <u>991,865</u> | <u>20,799,263</u> | <u>1,362,753</u> | <u>9,086,737</u> | <u>5,711,137</u> | <u>850,324</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 31,466,999 | - | - | - | - | - | - | - |
| Support services | 12,850,254 | - | - | - | 3,833,971 | 4,548,420 | - | - |
| Noninstructional services | 616,258 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 4,613,404 | - | - | - |
| Debt services | - | 412,493 | 20,347,726 | 1,108,279 | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>44,933,511</u> | <u>412,493</u> | <u>20,347,726</u> | <u>1,108,279</u> | <u>8,447,375</u> | <u>4,548,420</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>(654,223)</u> | <u>579,372</u> | <u>451,537</u> | <u>254,474</u> | <u>639,362</u> | <u>1,162,717</u> | <u>850,324</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | 119,185 | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | 3,500,000 |
| Transfers out | (206,811) | (184,464) | - | - | (2,000,000) | (1,500,000) | - | - |
| Total other financing sources (uses) | <u>(87,626)</u> | <u>(184,464)</u> | <u>-</u> | <u>-</u> | <u>(2,000,000)</u> | <u>(1,500,000)</u> | <u>-</u> | <u>3,500,000</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(741,849)</u> | <u>394,908</u> | <u>451,537</u> | <u>254,474</u> | <u>(1,360,638)</u> | <u>(337,283)</u> | <u>850,324</u> | <u>3,500,000</u> |
| Cash and investments - ending | <u>\$ 5,699,554</u> | <u>\$ 652,897</u> | <u>\$ 10,530,337</u> | <u>\$ 816,329</u> | <u>\$ 4,288,139</u> | <u>\$ 2,630,128</u> | <u>\$ 2,445,355</u> | <u>\$ 7,500,000</u> |

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

| | Retirement/ Severance Bond | Construction 2008 | School Lunch | Textbook Rental | Self- Insurance | Educational License Plates | Alternative Education | MASH GRANT 2012/2013 |
|---|----------------------------------|----------------------|-------------------|---------------------|---------------------|----------------------------------|--------------------------|----------------------------|
| Cash and investments - beginning | \$ 4,532,614 | \$ 280,263 | \$ 1,243,316 | \$ 913,048 | \$ 4,800,112 | \$ 10,870 | \$ (8,183) | \$ (3,755) |
| Receipts: | | | | | | | | |
| Local sources | 111,585 | 34 | 1,081,975 | 361,319 | 8,884,961 | - | - | - |
| Intermediate sources | - | - | - | - | - | 694 | - | - |
| State sources | - | - | 27,113 | 317,887 | - | - | 62,802 | 6,116 |
| Federal sources | - | - | 2,391,221 | - | - | - | - | - |
| Other | - | - | 2,190 | - | - | - | - | - |
| Total receipts | <u>111,585</u> | <u>34</u> | <u>3,502,499</u> | <u>679,206</u> | <u>8,884,961</u> | <u>694</u> | <u>62,802</u> | <u>6,116</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 5,589 | - | - | - | - | - | 139,126 | - |
| Support services | 929,454 | - | 5,190 | 627,251 | 145,488 | - | - | 2,361 |
| Noninstructional services | - | - | 4,213,368 | - | - | - | - | - |
| Facilities acquisition and construction | - | 226,546 | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 7,469,755 | - | - | - |
| Total disbursements | <u>935,043</u> | <u>226,546</u> | <u>4,218,558</u> | <u>627,251</u> | <u>7,615,243</u> | <u>-</u> | <u>139,126</u> | <u>2,361</u> |
| Excess (deficiency) of receipts over disbursements | <u>(823,458)</u> | <u>(226,512)</u> | <u>(716,059)</u> | <u>51,955</u> | <u>1,269,718</u> | <u>694</u> | <u>(76,324)</u> | <u>3,755</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 184,464 | - | - | 84,507 | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>184,464</u> | <u>-</u> | <u>-</u> | <u>84,507</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(823,458)</u> | <u>(226,512)</u> | <u>(716,059)</u> | <u>236,419</u> | <u>1,269,718</u> | <u>694</u> | <u>8,183</u> | <u>3,755</u> |
| Cash and investments - ending | <u>\$ 3,709,156</u> | <u>\$ 53,751</u> | <u>\$ 527,257</u> | <u>\$ 1,149,467</u> | <u>\$ 6,069,830</u> | <u>\$ 11,564</u> | <u>\$ -</u> | <u>\$ -</u> |

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

| | MASH GRANT 2013/2014 | MASH GRANT 2014/2015 | Early Intervention 2014/2015 | Early Intervention 2015 | Scholarships and Awards | Schrenker Scholarship | PEPSI Scholarship | VESA Scholarship |
|---|----------------------------|----------------------------|------------------------------------|-------------------------------|-------------------------------|--------------------------|----------------------|---------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ - | \$ - | \$ 77,513 | \$ 26 | \$ 1,000 | \$ 2,415 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 12,191 | - | 19,753 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | <u>12,191</u> | <u>-</u> | <u>19,753</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | - | - | - | - | - |
| Support services | 7,981 | - | 712 | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>7,981</u> | <u>-</u> | <u>712</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>4,210</u> | <u>-</u> | <u>19,041</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>4,210</u> | <u>-</u> | <u>19,041</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 4,210</u> | <u>\$ -</u> | <u>\$ 19,041</u> | <u>\$ -</u> | <u>\$ 77,513</u> | <u>\$ 26</u> | <u>\$ 1,000</u> | <u>\$ 2,415</u> |

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

| | Ratzka- Stochel Scholarship | MEF Grants | FEA Scholarship | LASS Grant | Rotary Club Scholarship | LASS (Small Learning Comm) | Djukic Scholarship | MHS Dollars for Scholars |
|---|-----------------------------------|---------------|--------------------|---------------|-------------------------------|----------------------------------|-----------------------|--------------------------------|
| Cash and investments - beginning | \$ 20,763 | \$ 19,550 | \$ 7,063 | \$ - | \$ - | \$ 17,997 | \$ 6,550 | \$ 25,374 |
| Receipts: | | | | | | | | |
| Local sources | - | 33,545 | 6,701 | 4,753 | - | 86,269 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 33,545 | 6,701 | 4,753 | - | 86,269 | - | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 19,457 | 4,967 | 728 | - | - | - | - |
| Support services | - | - | 587 | - | - | 60,233 | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 19,457 | 5,554 | 728 | - | 60,233 | - | - |
| Excess (deficiency) of receipts over disbursements | - | 14,088 | 1,147 | 4,025 | - | 26,036 | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 14,088 | 1,147 | 4,025 | - | 26,036 | - | - |
| Cash and investments - ending | \$ 20,763 | \$ 33,638 | \$ 8,210 | \$ 4,025 | \$ - | \$ 44,033 | \$ 6,550 | \$ 25,374 |

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

| | Miscellaneous Programs | COSEBOC | Wellness Fund | College Success | Pepsi - Central | Project Lead the Way 2015/2018 | Pepsi - Transportation | College/Career |
|---|---------------------------|-----------|------------------|--------------------|--------------------|--------------------------------------|---------------------------|----------------|
| Cash and investments - beginning | \$ 1,033 | \$ 14,198 | \$ 29,174 | \$ 1,000 | \$ 956 | \$ - | \$ 167 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | 384 | - | - | - | 194 | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 384 | - | - | - | 194 | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 6,337 | - | 190 | - | - | - | - |
| Support services | - | - | 1,595 | - | - | - | 316 | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 6,337 | 1,595 | 190 | - | - | 316 | - |
| Excess (deficiency) of receipts over disbursements | - | (6,337) | (1,211) | (190) | - | - | (122) | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (6,337) | (1,211) | (190) | - | - | (122) | - |
| Cash and investments - ending | \$ 1,033 | \$ 7,861 | \$ 27,963 | \$ 810 | \$ 956 | \$ - | \$ 45 | \$ - |

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

| | Teacher Quality Improvement Program | Adult Ed | Drug Free Communities | Secured Schools Safety Grant | DARE | Non-English Speaking Programs P.L. 273-1999 | Non-English Speaking Programs 2012/2013 | Non-English Speaking Programs 2013/2014 |
|---|--|-------------|-----------------------------|---------------------------------------|----------|--|--|--|
| Cash and investments - beginning | \$ 5,201 | \$ (35,497) | \$ - | \$ - | \$ 6,320 | \$ 202 | \$ 2,209 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | 156,502 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | 14,000 | - | - | 19,047 |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 156,502 | - | - | 14,000 | - | - | 19,047 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 200,649 | - | - | 12,610 | - | 2,209 | 18,163 |
| Support services | - | 686 | - | 22,400 | 1,744 | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 201,335 | - | 22,400 | 14,354 | - | 2,209 | 18,163 |
| Excess (deficiency) of receipts over disbursements | - | (44,833) | - | (22,400) | (354) | - | (2,209) | 884 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | 122,232 | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | 122,232 | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 77,399 | - | (22,400) | (354) | - | (2,209) | 884 |
| Cash and investments - ending | \$ 5,201 | \$ 41,902 | \$ - | \$ (22,400) | \$ 5,966 | \$ 202 | \$ - | \$ 884 |

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

| | Non-English Speaking Programs 2014/2015 | School Technology | Daycare | Early Learners | Insurance Reserve | Graphic Arts | Title I Pt A School Improvement 2014/2015 |
|---|--|----------------------|-----------|-------------------|----------------------|-----------------|--|
| Cash and investments - beginning | \$ - | \$ 184,282 | \$ 12,043 | \$ 3,060 | \$ 1,075,004 | \$ (1,835) | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | - | 223,646 | - | - | 14,613 | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | 25,188 | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 25,188 | 223,646 | - | - | 14,613 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | 211,544 | - | - | 12,778 | - |
| Support services | - | - | 560 | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | - | 212,104 | - | - | 12,778 | - |
| Excess (deficiency) of receipts over disbursements | - | 25,188 | 11,542 | - | - | 1,835 | - |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 25,188 | 11,542 | - | - | 1,835 | - |
| Cash and investments - ending | \$ - | \$ 209,470 | \$ 23,585 | \$ 3,060 | \$ 1,075,004 | \$ - | \$ - |

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

| | Title I Pt D 2012/2013 | Title I Pt D 2013/2014 | Title I Pt D 2014/2015 | Title I 2012/2013 | Title I 2013/2014 | Title I 2014/2015 | Drug Free | PBIS Grant 2013/2014 |
|---|---------------------------|---------------------------|---------------------------|----------------------|----------------------|----------------------|--------------|----------------------------|
| Cash and investments - beginning | \$ (87,519) | \$ - | \$ - | \$ (297,128) | \$ - | \$ - | \$ 4,128 | \$ (1,282) |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | 120,151 | 218,998 | - | 674,485 | 799,102 | - | - | 5,969 |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 120,151 | 218,998 | - | 674,485 | 799,102 | - | - | 5,969 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 32,632 | 217,067 | - | 257,734 | 874,452 | - | - | 4,687 |
| Support services | - | 46,031 | - | 108,678 | 85,858 | - | - | - |
| Noninstructional services | - | 5,500 | - | 10,945 | 4,912 | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 32,632 | 268,598 | - | 377,357 | 965,222 | - | - | 4,687 |
| Excess (deficiency) of receipts over disbursements | 87,519 | (49,600) | - | 297,128 | (166,120) | - | - | 1,282 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 20,000 | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | 20,000 | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 87,519 | (49,600) | - | 297,128 | (146,120) | - | - | 1,282 |
| Cash and investments - ending | \$ - | \$ (49,600) | \$ - | \$ - | \$ (146,120) | \$ - | \$ 4,128 | \$ - |

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

| | Title II School Improvement 2011/2013 | Title II School Improvement 2012/2014 | Title II School Improvement 2013/2015 | Title III - Language Instruction | Title III Pt A 2012/2014 | Title III Pt A 2013/2015 | Title III Pt A 2014/2016 |
|---|--|--|--|--|-----------------------------|-----------------------------|-----------------------------|
| Cash and investments - beginning | \$ (5,710) | \$ (2,711) | \$ - | \$ - | \$ (19,819) | \$ - | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | 189 | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 46,872 | 17,500 | - | - | 21,443 | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | <u>46,872</u> | <u>17,689</u> | <u>-</u> | <u>-</u> | <u>21,443</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 41,162 | 20,492 | 837 | - | 1,697 | 28,094 | - |
| Support services | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | <u>41,162</u> | <u>20,492</u> | <u>837</u> | <u>-</u> | <u>1,697</u> | <u>28,094</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>5,710</u> | <u>(2,803)</u> | <u>(837)</u> | <u>-</u> | <u>19,746</u> | <u>(28,094)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | 73 | - | - |
| Transfers out | - | - | (20,000) | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>(20,000)</u> | <u>-</u> | <u>73</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>5,710</u> | <u>(2,803)</u> | <u>(20,837)</u> | <u>-</u> | <u>19,819</u> | <u>(28,094)</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ (5,514)</u> | <u>\$ (20,837)</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (28,094)</u> | <u>\$ -</u> |

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

| | STEM Grant 2013/2014 | STEM Grant 2014/2015 | Qualified Zone Academy Bond | Prepaid Food | Payroll Clearing | Flex Spending | Totals |
|---|----------------------------|----------------------------|--------------------------------------|------------------|---------------------|------------------|----------------------|
| Cash and investments - beginning | \$ - | \$ - | \$ 16,000 | \$ 19,294 | \$ 392,751 | \$ 15,188 | \$ 44,828,511 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 50,254,904 |
| Intermediate sources | - | - | - | - | - | - | 209,194 |
| State sources | - | - | - | - | - | - | 44,009,021 |
| Federal sources | 17,136 | - | - | - | - | - | 4,376,112 |
| Other | - | - | - | 679,978 | 11,164,108 | 28,458 | 11,891,208 |
| Total receipts | <u>17,136</u> | <u>-</u> | <u>-</u> | <u>679,978</u> | <u>11,164,108</u> | <u>28,458</u> | <u>110,740,439</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | - | 33,580,200 |
| Support services | 19,823 | - | 404,892 | - | - | - | 23,704,485 |
| Noninstructional services | - | - | - | - | - | - | 4,850,983 |
| Facilities acquisition and construction | - | - | 31,500 | - | - | - | 4,871,450 |
| Debt services | - | - | - | - | - | - | 21,868,498 |
| Nonprogrammed charges | - | - | - | 680,344 | 11,216,516 | 31,624 | 19,398,239 |
| Total disbursements | <u>19,823</u> | <u>-</u> | <u>436,392</u> | <u>680,344</u> | <u>11,216,516</u> | <u>31,624</u> | <u>108,273,855</u> |
| Excess (deficiency) of receipts over disbursements | <u>(2,687)</u> | <u>-</u> | <u>(436,392)</u> | <u>(366)</u> | <u>(52,408)</u> | <u>(3,166)</u> | <u>2,466,584</u> |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | 1,601,900 | - | - | - | 1,601,900 |
| Sale of capital assets | - | - | - | - | - | - | 119,185 |
| Transfers in | - | - | - | - | - | - | 3,911,276 |
| Transfers out | - | - | - | - | - | - | (3,911,275) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>1,601,900</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>1,721,086</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(2,687)</u> | <u>-</u> | <u>1,165,508</u> | <u>(366)</u> | <u>(52,408)</u> | <u>(3,166)</u> | <u>4,187,670</u> |
| Cash and investments - ending | <u>\$ (2,687)</u> | <u>\$ -</u> | <u>\$ 1,181,508</u> | <u>\$ 18,928</u> | <u>\$ 340,343</u> | <u>\$ 12,022</u> | <u>\$ 49,016,181</u> |

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

| | General | Debt Service | Exempt Debt | Exempt Retirement/ Severance Bond Debt Service | Capital Projects | School Transportation | School Bus Replacement | Rainy Day |
|---|---------------------|---------------------|---------------------|---|---------------------|--------------------------|------------------------------|---------------------|
| Cash and investments - beginning | \$ 5,699,554 | \$ 652,897 | \$ 10,530,337 | \$ 816,329 | \$ 4,288,139 | \$ 2,630,128 | \$ 2,445,355 | \$ 7,500,000 |
| Receipts: | | | | | | | | |
| Local sources | 481,815 | 1,609,550 | 15,187,566 | 1,349,741 | 7,015,689 | 5,043,561 | 759,892 | - |
| Intermediate sources | 242,382 | - | - | - | - | - | - | - |
| State sources | 43,319,949 | - | - | - | - | - | - | - |
| Federal sources | 57,910 | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | 15,252 | - | - |
| Total receipts | <u>44,102,056</u> | <u>1,609,550</u> | <u>15,187,566</u> | <u>1,349,741</u> | <u>7,015,689</u> | <u>5,058,813</u> | <u>759,892</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 30,554,440 | - | - | - | - | - | - | 539,741 |
| Support services | 12,993,985 | - | - | - | 3,124,073 | 4,134,478 | 1,244,849 | 52,264 |
| Noninstructional services | 639,939 | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | 2,188,988 | - | - | - |
| Debt services | - | 936,142 | 16,884,000 | 1,271,317 | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | <u>44,188,364</u> | <u>936,142</u> | <u>16,884,000</u> | <u>1,271,317</u> | <u>5,313,061</u> | <u>4,134,478</u> | <u>1,244,849</u> | <u>592,005</u> |
| Excess (deficiency) of receipts over disbursements | <u>(86,308)</u> | <u>673,408</u> | <u>(1,696,434)</u> | <u>78,424</u> | <u>1,702,628</u> | <u>924,335</u> | <u>(484,957)</u> | <u>(592,005)</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | 7,617 | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | 1,000,000 |
| Transfers out | (61,885) | (175,740) | - | - | - | (1,000,000) | - | - |
| Total other financing sources (uses) | <u>(54,268)</u> | <u>(175,740)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(1,000,000)</u> | <u>-</u> | <u>1,000,000</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(140,576)</u> | <u>497,668</u> | <u>(1,696,434)</u> | <u>78,424</u> | <u>1,702,628</u> | <u>(75,665)</u> | <u>(484,957)</u> | <u>407,995</u> |
| Cash and investments - ending | <u>\$ 5,558,978</u> | <u>\$ 1,150,565</u> | <u>\$ 8,833,903</u> | <u>\$ 894,753</u> | <u>\$ 5,990,767</u> | <u>\$ 2,554,463</u> | <u>\$ 1,960,398</u> | <u>\$ 7,907,995</u> |

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

| | Retirement/ Severance Bond | Construction 2008 | School Lunch | Textbook Rental | Self- Insurance | Educational License Plates | Alternative Education | MASH GRANT 2012/2013 |
|---|----------------------------------|----------------------|-------------------|---------------------|---------------------|----------------------------------|--------------------------|----------------------------|
| Cash and investments - beginning | \$ 3,709,156 | \$ 53,751 | \$ 527,257 | \$ 1,149,467 | \$ 6,069,830 | \$ 11,564 | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | 382,447 | 3 | 1,078,270 | 349,540 | 7,815,441 | - | - | - |
| Intermediate sources | - | - | - | - | - | 938 | - | - |
| State sources | - | - | 25,890 | 333,198 | - | - | 62,143 | - |
| Federal sources | - | - | 3,383,307 | - | - | - | - | - |
| Other | - | - | 2,240 | - | - | - | - | - |
| Total receipts | <u>382,447</u> | <u>3</u> | <u>4,489,707</u> | <u>682,738</u> | <u>7,815,441</u> | <u>938</u> | <u>62,143</u> | <u>-</u> |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 13,680 | - | - | - | - | 694 | 120,045 | - |
| Support services | 328,947 | - | 4,293 | 638,747 | 137,575 | - | - | - |
| Noninstructional services | 9,693 | - | 4,162,190 | - | - | - | - | - |
| Facilities acquisition and construction | - | 53,754 | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | 7,135,195 | - | - | - |
| Total disbursements | <u>352,320</u> | <u>53,754</u> | <u>4,166,483</u> | <u>638,747</u> | <u>7,272,770</u> | <u>694</u> | <u>120,045</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>30,127</u> | <u>(53,751)</u> | <u>323,224</u> | <u>43,991</u> | <u>542,671</u> | <u>244</u> | <u>(57,902)</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | 175,740 | - | - | 61,885 | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>175,740</u> | <u>-</u> | <u>-</u> | <u>61,885</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>30,127</u> | <u>(53,751)</u> | <u>323,224</u> | <u>219,731</u> | <u>542,671</u> | <u>244</u> | <u>3,983</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ 3,739,283</u> | <u>\$ -</u> | <u>\$ 850,481</u> | <u>\$ 1,369,198</u> | <u>\$ 6,612,501</u> | <u>\$ 11,808</u> | <u>\$ 3,983</u> | <u>\$ -</u> |

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

| | MASH GRANT 2013/2014 | MASH GRANT 2014/2015 | Early Intervention 2014/2015 | Early Intervention 2015 | Scholarships and Awards | Schrenker Scholarship | PEPSI Scholarship | VESA Scholarship |
|---|----------------------------|----------------------------|------------------------------------|-------------------------------|-------------------------------|--------------------------|----------------------|---------------------|
| Cash and investments - beginning | \$ 4,210 | \$ - | \$ 19,041 | \$ - | \$ 77,513 | \$ 26 | \$ 1,000 | \$ 2,415 |
| Receipts: | | | | | | | | |
| Local sources | - | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | 4,580 | - | 49,766 | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 4,580 | - | 49,766 | - | - | - | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | 40,873 | - | - | - | - |
| Support services | 2,097 | 10,931 | 19,021 | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 2,097 | 10,931 | 19,021 | 40,873 | - | - | - | - |
| Excess (deficiency) of receipts over disbursements | (2,097) | (6,351) | (19,021) | 8,893 | - | - | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (2,097) | (6,351) | (19,021) | 8,893 | - | - | - | - |
| Cash and investments - ending | \$ 2,113 | \$ (6,351) | \$ 20 | \$ 8,893 | \$ 77,513 | \$ 26 | \$ 1,000 | \$ 2,415 |

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

| | Ratzka- Stochel Scholarship | MEF Grants | FEA Scholarship | LASS Grant | Rotary Club Scholarship | LASS (Small Learning Comm) | Djukic Scholarship | MHS Dollars for Scholars |
|---|-----------------------------------|---------------|--------------------|---------------|-------------------------------|----------------------------------|-----------------------|--------------------------------|
| Cash and investments - beginning | \$ 20,763 | \$ 33,638 | \$ 8,210 | \$ 4,025 | \$ - | \$ 44,033 | \$ 6,550 | \$ 25,374 |
| Receipts: | | | | | | | | |
| Local sources | - | 21,811 | 4,116 | - | 2,000 | 652 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 21,811 | 4,116 | - | 2,000 | 652 | - | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 29,755 | 1,279 | - | - | - | - | - |
| Support services | - | - | 1,346 | - | - | 652 | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 29,755 | 2,625 | - | - | 652 | - | - |
| Excess (deficiency) of receipts over disbursements | - | (7,944) | 1,491 | - | 2,000 | - | - | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (7,944) | 1,491 | - | 2,000 | - | - | - |
| Cash and investments - ending | \$ 20,763 | \$ 25,694 | \$ 9,701 | \$ 4,025 | \$ 2,000 | \$ 44,033 | \$ 6,550 | \$ 25,374 |

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

| | Miscellaneous Programs | COSEBOC | Wellness Fund | College Success | Pepsi - Central | Project Lead the Way 2015/2018 | Pepsi - Transportation | College/Career |
|---|---------------------------|----------|------------------|--------------------|--------------------|--------------------------------------|---------------------------|----------------|
| Cash and investments - beginning | \$ 1,033 | \$ 7,861 | \$ 27,963 | \$ 810 | \$ 956 | \$ - | \$ 45 | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | 75 | - | - | 20,000 | 644 | 253,710 |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | - | 75 | - | - | 20,000 | 644 | 253,710 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | - | - | 407 | - | 5,017 | - | 111,074 |
| Support services | - | - | - | - | - | - | 442 | 24,485 |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | - | - | 407 | - | 5,017 | 442 | 135,559 |
| Excess (deficiency) of receipts over disbursements | - | - | 75 | (407) | - | 14,983 | 202 | 118,151 |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | - | 75 | (407) | - | 14,983 | 202 | 118,151 |
| Cash and investments - ending | \$ 1,033 | \$ 7,861 | \$ 28,038 | \$ 403 | \$ 956 | \$ 14,983 | \$ 247 | \$ 118,151 |

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

| | Teacher Quality Improvement Program | Adult Ed | Drug Free Communities | Secured Schools Safety Grant | DARE | Non-English Speaking Programs P.L. 273-1999 | Non-English Speaking Programs 2012/2013 | Non-English Speaking Programs 2013/2014 |
|---|--|-------------|-----------------------------|---------------------------------------|----------|--|--|--|
| Cash and investments - beginning | \$ 5,201 | \$ 41,902 | \$ - | \$ (22,400) | \$ 5,966 | \$ 202 | \$ - | \$ 884 |
| Receipts: | | | | | | | | |
| Local sources | - | 91,430 | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | - | - | 14,000 | 30,170 | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | - | 91,430 | 14,000 | 30,170 | - | - | - | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | - | 143,859 | 14,666 | - | - | - | - | 884 |
| Support services | - | 90 | 800 | 7,770 | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | - | 143,949 | 15,466 | 7,770 | - | - | - | 884 |
| Excess (deficiency) of receipts over disbursements | - | (52,519) | (1,466) | 22,400 | - | - | - | (884) |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | 5,966 | - | - | - | - | - |
| Transfers out | - | - | - | - | (5,966) | - | - | - |
| Total other financing sources (uses) | - | - | 5,966 | - | (5,966) | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | (52,519) | 4,500 | 22,400 | (5,966) | - | - | (884) |
| Cash and investments - ending | \$ 5,201 | \$ (10,617) | \$ 4,500 | \$ - | \$ - | \$ 202 | \$ - | \$ - |

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

| | Non-English Speaking Programs 2014/2015 | School Technology | Daycare | Early Learners | Insurance Reserve | Graphic Arts | Title I Pt A School Improvement 2014/2015 | Title I Pt D 2012/2013 |
|---|--|----------------------|-----------|-------------------|----------------------|-----------------|--|---------------------------|
| Cash and investments - beginning | \$ - | \$ 209,470 | \$ 23,585 | \$ 3,060 | \$ 1,075,004 | \$ - | \$ - | \$ - |
| Receipts: | | | | | | | | |
| Local sources | - | - | 233,725 | - | - | 17,407 | - | - |
| Intermediate sources | - | - | - | - | - | - | - | - |
| State sources | 18,230 | 18,927 | - | - | - | - | - | - |
| Federal sources | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total receipts | 18,230 | 18,927 | 233,725 | - | - | 17,407 | - | - |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 18,230 | - | 208,532 | - | - | 17,407 | - | - |
| Support services | - | - | 155 | - | - | - | 17,417 | - |
| Noninstructional services | - | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - | - |
| Total disbursements | 18,230 | - | 208,687 | - | - | 17,407 | 17,417 | - |
| Excess (deficiency) of receipts over disbursements | - | 18,927 | 25,038 | - | - | - | (17,417) | - |
| Other financing sources (uses): | | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 18,927 | 25,038 | - | - | - | (17,417) | - |
| Cash and investments - ending | \$ - | \$ 228,397 | \$ 48,623 | \$ 3,060 | \$ 1,075,004 | \$ - | \$ (17,417) | \$ - |

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

| | Title I Pt D 2013/2014 | Title I Pt D 2014/2015 | Title I 2012/2013 | Title I 2013/2014 | Title I 2014/2015 | Drug Free | PBIS Grant 2013/2014 |
|---|---------------------------|---------------------------|----------------------|----------------------|----------------------|-----------------|----------------------------|
| Cash and investments - beginning | \$ (49,600) | \$ - | \$ - | \$ (146,120) | \$ - | \$ 4,128 | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | 83,208 | 134,529 | - | 554,072 | 778,391 | - | - |
| Other | - | - | - | - | - | - | - |
| Total receipts | <u>83,208</u> | <u>134,529</u> | <u>-</u> | <u>554,072</u> | <u>778,391</u> | <u>-</u> | <u>-</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 33,608 | 155,272 | - | 362,990 | 1,042,233 | - | - |
| Support services | - | 37,416 | - | 44,967 | 107,913 | - | - |
| Noninstructional services | - | 6,473 | - | - | 2,624 | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | <u>33,608</u> | <u>199,161</u> | <u>-</u> | <u>407,957</u> | <u>1,152,770</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts over disbursements | <u>49,600</u> | <u>(64,632)</u> | <u>-</u> | <u>146,115</u> | <u>(374,379)</u> | <u>-</u> | <u>-</u> |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>49,600</u> | <u>(64,632)</u> | <u>-</u> | <u>146,115</u> | <u>(374,379)</u> | <u>-</u> | <u>-</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ (64,632)</u> | <u>\$ -</u> | <u>\$ (5)</u> | <u>\$ (374,379)</u> | <u>\$ 4,128</u> | <u>\$ -</u> |

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

| | Title II School Improvement 2011/2013 | Title II School Improvement 2012/2014 | Title II School Improvement 2013/2015 | Title III - Language Instruction | Title III Pt A 2012/2014 | Title III Pt A 2013/2015 | Title III Pt A 2014/2016 |
|---|--|--|--|--|-----------------------------|-----------------------------|-----------------------------|
| Cash and investments - beginning | \$ - | \$ (5,514) | \$ (20,837) | \$ - | \$ - | \$ (28,094) | \$ - |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | 76,089 | 49,468 | 814 | - | 31,200 | 21,466 |
| Other | - | - | - | - | - | - | - |
| Total receipts | - | 76,089 | 49,468 | 814 | - | 31,200 | 21,466 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 70,575 | 37,637 | 814 | - | 3,106 | 32,325 |
| Support services | - | - | - | - | - | - | - |
| Noninstructional services | - | - | - | - | - | - | - |
| Facilities acquisition and construction | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Nonprogrammed charges | - | - | - | - | - | - | - |
| Total disbursements | - | 70,575 | 37,637 | 814 | - | 3,106 | 32,325 |
| Excess (deficiency) of receipts over disbursements | - | 5,514 | 11,831 | - | - | 28,094 | (10,859) |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | - |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | - | - | - | - | - |
| Total other financing sources (uses) | - | - | - | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | - | 5,514 | 11,831 | - | - | 28,094 | (10,859) |
| Cash and investments - ending | \$ - | \$ - | \$ (9,006) | \$ - | \$ - | \$ - | \$ (10,859) |

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

| | STEM Grant 2013/2014 | STEM Grant 2014/2015 | Qualified Zone Academy Bond | Prepaid Food | Payroll Clearing | Flex Spending | Totals |
|---|----------------------------|----------------------------|--------------------------------------|------------------|---------------------|------------------|----------------------|
| Cash and investments - beginning | \$ (2,687) | \$ - | \$ 1,181,508 | \$ 18,928 | \$ 340,343 | \$ 12,022 | \$ 49,016,181 |
| Receipts: | | | | | | | |
| Local sources | - | - | - | - | - | - | 41,719,085 |
| Intermediate sources | - | - | - | - | - | - | 243,320 |
| State sources | - | - | - | - | - | - | 43,876,853 |
| Federal sources | 85,226 | - | - | - | - | - | 5,255,680 |
| Other | - | - | - | 782,123 | 11,131,605 | 39,370 | 11,970,590 |
| Total receipts | <u>85,226</u> | <u>-</u> | <u>-</u> | <u>782,123</u> | <u>11,131,605</u> | <u>39,370</u> | <u>103,065,528</u> |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | - | - | - | 33,559,143 |
| Support services | 82,539 | 63,456 | 927,760 | - | - | - | 24,008,468 |
| Noninstructional services | - | - | - | - | - | - | 4,820,919 |
| Facilities acquisition and construction | - | - | - | - | - | - | 2,242,742 |
| Debt services | - | - | - | - | - | - | 19,091,459 |
| Nonprogrammed charges | - | - | - | 781,681 | 11,142,046 | 42,028 | 19,100,950 |
| Total disbursements | <u>82,539</u> | <u>63,456</u> | <u>927,760</u> | <u>781,681</u> | <u>11,142,046</u> | <u>42,028</u> | <u>102,823,681</u> |
| Excess (deficiency) of receipts over disbursements | <u>2,687</u> | <u>(63,456)</u> | <u>(927,760)</u> | <u>442</u> | <u>(10,441)</u> | <u>(2,658)</u> | <u>241,847</u> |
| Other financing sources (uses): | | | | | | | |
| Proceeds of long-term debt | - | - | - | - | - | - | - |
| Sale of capital assets | - | - | - | - | - | - | 7,617 |
| Transfers in | - | - | - | - | - | - | 1,243,591 |
| Transfers out | - | - | - | - | - | - | (1,243,591) |
| Total other financing sources (uses) | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>7,617</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>2,687</u> | <u>(63,456)</u> | <u>(927,760)</u> | <u>442</u> | <u>(10,441)</u> | <u>(2,658)</u> | <u>249,464</u> |
| Cash and investments - ending | <u>\$ -</u> | <u>\$ (63,456)</u> | <u>\$ 253,748</u> | <u>\$ 19,370</u> | <u>\$ 329,902</u> | <u>\$ 9,364</u> | <u>\$ 49,265,645</u> |

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

| Lessor | Purpose | Annual Lease Payment | Lease Beginning Date | Lease Ending Date |
|--|---|----------------------------|----------------------------|-------------------------|
| Governmental activities: | | | | |
| Merrillville Multi-School Building Corporation | 2001/2010Pierce Middle School Improvements | \$ 2,338,000 | 06/28/2001 | 12/28/2020 |
| Merrillville Multi-School Building Corporation | 2005 Intermediate and Three Elementary Schools Improvements | 6,069,000 | 06/30/2005 | 12/31/2027 |
| Merrillville Multi-School Building Corporation | 2008 Freshman Center and Middle School Additions | 4,996,500 | 06/30/2008 | 12/31/2029 |
| Merrillville Multi-School Building Corporation | 2012A Miller Iddings and Central Office Improvements | <u>620,000</u> | 06/30/2015 | 12/31/2021 |
| Total of annual lease payments | | <u>\$ 14,023,500</u> | | |

| Type | Description of Debt Purpose | Ending Principal Balance | Principal and Interest Due Within One Year |
|--------------------------|---|--------------------------------|---|
| Governmental activities: | | | |
| General obligation bonds | Pension Bonds of 2002 | \$ 1,410,000 | \$ 992,652 |
| General obligation bonds | Pension Bonds of 2006 | 3,635,000 | 450,779 |
| General obligation bonds | QZAB Bond | 1,617,900 | 405,816 |
| Notes and loans payable | Common School Loan A1396 Computers/Software | 130,990 | 131,972 |
| Notes and loans payable | Common School Loan A1419 Computers/Software | 14,042 | 14,112 |
| Notes and loans payable | Common School Loan A1521 Computers/Software | <u>332,940</u> | <u>136,173</u> |
| Totals | | <u>\$ 7,140,872</u> | <u>\$ 2,131,504</u> |

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

| | <u>Ending Balance</u> |
|------------------------------------|---------------------------|
| Governmental activities: | |
| Land | \$ 767,900 |
| Buildings | 158,815,032 |
| Improvements other than buildings | 3,600,804 |
| Machinery, equipment, and vehicles | <u>15,224,046</u> |
| Total capital assets | <u>\$ 178,407,782</u> |

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

TO: THE OFFICIALS OF THE MERRILLVILLE COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-002 and 2015-003. 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

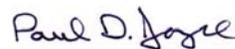
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

| Federal Grantor Agency Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal CFDA Number | Pass-Through Entity (or Other) Identifying Number | Pass-Through To Subrecipient 06-30-14 | Total Federal Awards Expended 06-30-14 | Pass-Through To Subrecipient 06-30-15 | Total Federal Awards Expended 06-30-15 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u> | | | | | | | |
| Child Nutrition Cluster | Indiana Department of Education | | | | | | |
| School Breakfast Program | | 10.553 | | | | | |
| School Breakfast | | | 2013/2014-4600 | \$ - | \$ 576,804 | \$ - | \$ - |
| School Breakfast | | | 2014/2015-4600 | - | - | - | 926,256 |
| Total - School Breakfast Program | | | | - | 576,804 | - | 926,256 |
| National School Lunch Program | | 10.555 | | | | | |
| School Lunch | | | 2013/2014-4600 | - | 1,614,508 | - | - |
| School Lunch - Commodities | | | 2013/2014-4600 | - | 232,053 | - | - |
| School Lunch | | | 2014/2015-4600 | - | - | - | 2,267,550 |
| School Lunch - Commodities | | | 2014/2015-4600 | - | - | - | 243,940 |
| Total - National School Lunch Program | | | | - | 1,846,561 | - | 2,511,490 |
| Summer Food Service Program for Children | | 10.559 | | | | | |
| Summer Food Service Program for Children | | | 2013/2014-4600 | - | 199,909 | - | - |
| Summer Food Service Program for Children | | | 2014/2015-4600 | - | - | - | 189,501 |
| Total - Summer Food Service Program for Children | | | | - | 199,909 | - | 189,501 |
| Total - Child Nutrition Cluster | | | | - | 2,623,274 | - | 3,627,247 |
| Total - Department of Agriculture | | | | - | 2,623,274 | - | 3,627,247 |
| <u>Department of Education</u> | | | | | | | |
| Special Education Cluster | Indiana Department of Education | | | | | | |
| Special Education_Grants to States | | 84.027 | | | | | |
| Special Education IDEA Part B 611 | | | 14213-047-PN01 | - | 280,901 | - | 327 |
| Special Education IDEA Part B 611 | | | 14214-047-PN01 | - | 1,030,415 | - | 366,777 |
| Special Education IDEA Part B 611 | | | 14215-047-PN01 | - | - | - | 908,194 |
| Special Education IDEA Part B T.A. | | | 99914-050-TA01 | - | 33,817 | - | 23,831 |
| Total - Special Education_Grants to States | | | | - | 1,345,133 | - | 1,299,129 |
| Special Education_Preschool Grants | | 84.173 | | | | | |
| Special Education IDEA Part B 619 | | | 45713-047-PN01 | - | 12,353 | - | - |
| Special Education IDEA Part B 619 | | | 45714-050-PN01 | - | 21,928 | - | 15,454 |
| Special Education IDEA Part B 619 | | | 45715-047-PN01 | - | - | - | 25,706 |
| Total - Special Education_Preschool Grants | | | | - | 34,281 | - | 41,160 |
| Total - Special Education Cluster | | | | - | 1,379,414 | - | 1,340,289 |

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(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 | Pass-Through To Subrecipient 06-30-14 | Total Federal Awards Expended 06-30-14 | Pass-Through To Subrecipient 06-30-15 | Total Federal Awards Expended 06-30-15 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Education (continued)</u> | | | | | | | |
| Title I Grants to Local Educational Agencies | Indiana Department of Education | 84.010 | | | | | |
| Title I Grants to Local Educational Agencies | | | 2012/2013-4600 | - | 674,485 | - | - |
| | | | 2013/2014-4600 | - | 799,102 | - | 554,072 |
| | | | 2014/2015-4600 | - | - | - | 778,391 |
| Title I, Part A Delinquent | | | 2012/2013-4600 | - | 120,151 | - | - |
| | | | 2013/2014-4600 | - | 218,998 | - | 83,208 |
| | | | 2014/2015-4600 | - | - | - | 134,529 |
| Total - Title I Grants to Local Educational Agencies | | | | - | 1,812,736 | - | 1,550,200 |
| Fund for the Improvement of Education | School City of Hammond | 84.215 | 2013/2014-4600 | - | 86,269 | - | 652 |
| Total - Fund for the Improvement of Education | | | | - | 86,269 | - | 652 |
| English Language Acquisition State Grants | Indiana Department of Education | 84.365 | | | | | |
| English Language Acquisition State Grants | | | 2012/2014-4600 | - | 21,515 | - | 814 |
| | | | 2013/2015-4600 | - | - | - | 31,200 |
| | | | 2014/2016-4600 | - | - | - | 21,466 |
| Total - English Language Acquisition State Grants | | | | - | 21,515 | - | 53,480 |
| Mathematics and Science Partnerships | Indiana Department of Education | 84.366 | | | | | |
| | | | 2013/2015-4600 | - | 17,136 | 21,056 | 85,226 |
| Total - Mathematics and Science Partnerships | | | | - | 17,136 | 21,056 | 85,226 |
| Improving Teacher Quality State Grants | Indiana Department of Education | 84.367 | | | | | |
| Title II Part A Improving Teacher Quality and Effectiveness | | | 2011/2013-4600 | - | 46,872 | - | - |
| Title II Part A Improving Teacher Quality and Effectiveness | | | 2012/2014-4600 | - | 17,500 | - | 76,089 |
| Title II Part A Improving Teacher Quality and Effectiveness | | | 2013/2015-4600 | - | - | - | 49,468 |
| Total - Improving Teacher Quality State Grants | | | | - | 64,372 | - | 125,557 |
| Total - Department of Education | | | | - | 3,381,442 | 21,056 | 3,155,404 |
| Total federal awards expended | | | | \$ - | \$ 6,004,716 | \$ 21,056 | \$ 6,782,651 |

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Summary of Significant Accounting Policies

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

Note 3. Special Education Cooperative

The School Corporation is a member of a Special Education Cooperative. As a result, some activity for the Special Education Cluster that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Special Education Cooperative.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

| | |
|---|---------------|
| Internal control over major programs: | |
| Material weaknesses identified? | yes |
| Significant deficiencies identified? | none reported |
| Type of auditor's report issued on compliance for major programs: | 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:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|--|
| | Child Nutrition Cluster |
| | Special Education Cluster |
| 84.010 | Title I Grants to Local Educational Agencies |

Dollar threshold used to distinguish between Type A and Type B programs: \$383,621

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

Section II - Financial Statement Findings

FINDING 2015-001 - FINANCIAL TRANSACTIONS AND REPORTING

Condition

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

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

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts and disbursements. One person was responsible for recording receipts and reconciling the bank accounts. Segregation of duties was not evident, nor was there adequate oversight and approval of the receipt transactions and the reports generated based on those transactions.

Salaried employees' contracts and hourly employees' pay were entered into the payroll system; however, evidence of a review or approval process was not provided. Hourly employees' biweekly pay information (hours worked, rate of pay, fund classification) was entered into the system by one individual and reviewed by another employee; however, the documentation of this review was not retained for audit.

When payroll withholding receipts were entered into the financial system, an open payable was created. The Open Payable Report was then used to create claims to be paid from the Payroll Clearing fund. The Open Payable Report was not reconciled with the disbursement from the payroll system to ensure that all disbursements from the payroll system were entered into the financial system.

The School Corporation entered claims into the financial software, generated the checks, and mailed the checks prior to Board approval. All vendor disbursements were paid prior to being approved by the Treasurer and the School Board.

2. Preparing Financial Statement: The School Corporation had not identified risks to the preparation of a reliable financial statement and as a result has failed to design effective controls over the preparation of the financial statement to prevent, or detect and correct, material misstatements.

The School Corporation reported semiannually to the Indiana Department of Education on the Financial Activity Report (School Form 9), which included the financial activity of all funds and is the basis for the financial statement. The School Corporation indicated that the financial system was closed each month; however, the financial system allowed transfers to be backdated and to be made after the submission of the School Form 9 to the Indiana Department of Education. This caused several discrepancies between the School Corporation's records and the financial statement.

3. Monitoring of Controls: An evaluation of the School Corporation's system of internal controls had not been conducted. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

Criteria

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)

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

Indiana Code 5-11-10-1.6(c) states in part:

"The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless: . . .

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected. The failure to monitor the internal control system placed the School Corporation at risk that controls may not have been either designed properly or operating effectively to provide reasonable assurance that controls would prevent, or detect and correct, material misstatements in a timely manner.

Views of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: 2013/2014-4600, 2014/2015-4600

Pass-Through Entity: Indiana Department of Education

Condition

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

The School Corporation operated a Food Service program that was the recipient of federal funding from the School Breakfast Program, National School Lunch Program, and Summer Food Service Program. All transactions related to the Food Service Program were recorded in the School Lunch fund. This includes, but is not limited to, salaries and benefits, food purchases, supplies, and all revenue generated by the Food Service program.

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

Context

Management of the School Corporation had not established an effective internal control system, to ensure that only allowable and adequately documented disbursements are paid with the Food Service program funds. An effective system of controls indicating the Food Service Director's review of accounts payable vouchers was not evident. In addition, wages were paid to various food service employees working in the food service central office; however, these employees did not maintain personnel activity reports to support the distribution of their salary from the School Lunch Fund. There was no oversight or review to ensure that proper documentation was maintained for salaries paid for food service for employees who also worked in a non-federal activity.

The School Lunch fund was used for the payment of wages of food service employees. Funds related to food service were also used to pay a percentage of an administrative corporation employee's salary for fiscal years 2013-2014 and 2014-2015. The administrative employee did not maintain personnel activity reports to support the distribution of a portion of their salary to the School Lunch fund. The amount of the administrative salary charged to the federal program without proper supporting documentation totaled \$54,329 and is considered a questioned cost.

Criteria

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

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

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

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

- (a) More than one Federal award,
 - (b) A Federal award and non-Federal award,
 - (c) An indirect cost activity and a direct cost activity . . .
- (5) Personnel activity reports or equivalent documentation must meet the following standards:
- (a) They must reflect an after the fact distribution of the actual activity of each employee,
 - (b) They must account for the total activity for which each employee is compensated,
 - (c) They must be prepared at least monthly and must coincide with one or more pay periods, and
 - (d) They must be signed by the employee. . . ."

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

Cause

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

Effect

The failure to establish internal controls enabled material compliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

Questioned costs identified totaled \$54,329.

Recommendation

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

We also recommended that the School Corporation's management comply with the Allowable Costs/ Cost Principles requirements of the programs.

Views of Responsible Officials

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

FINDING 2015-003 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Years: 2013/2014-4600, 2014/2015-4600
Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity.

Context

The School Corporation did not have policies or procedures in place to ensure Paid Lunch Equity requirements were properly calculated and considered. The School Corporation did not retain its paid lunch equity calculations documentation; therefore, it could not be determined if they were in compliance with the Paid Lunch Equity requirements.

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

Criteria

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

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

7 CFR 210.14(e) states in part:

"*Pricing paid lunches.* For each school year beginning July 1, 2011, school food authorities shall establish prices for paid lunches in accordance with this paragraph.

(1) *Calculation procedures.* Each school food authority shall:

(i) Determine the average price of paid lunches. The average shall be determined based on the total number of paid lunches claimed for the month of October in the previous school year, at each different price charged by the school food authority.

(ii) Calculate the difference between the per meal Federal reimbursement for paid and free lunches received by the school food authority in the previous school year (*i.e.*, the reimbursement difference);

(iii) Compare the average price of a paid lunch under paragraph (e)(1)(i) of this section to the difference between reimbursement rates under paragraph (e)(1)(ii) of this section. . . ."

7 CFR 210.15(b) states in part:

"*Recordkeeping summary.* In order to participate in the Program, a school food authority or a school, as applicable, must maintain records to demonstrate compliance with Program requirements. These records include but are not limited to: . . .

(6) Records to document compliance with the requirements in §210.14(e) . . ."

Cause

Management had not developed a system of internal controls that segregated key functions or that ensured the maintenance of proper supporting documentation.

Effect

The failure to establish internal controls enabled material noncompliance to go undetected. The failure to comply with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We also recommended that the School Corporation's management comply with the Special Tests and Provisions - Paid Lunch Equity requirements of the programs.

Views of Responsible Officials

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

FINDING 2015-004 - CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Years: 2013/2014-4600, 2014/2015-4600

Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, Program Income, Reporting, and Special Tests and Provisions - School Food Accounts.

Context

The School Corporation had a lack of internal controls throughout the audit period.

Activities Allowed or Unallowed

Management of the School Corporation had not established an effective internal control system, to ensure that only allowable and adequately documented disbursements are paid with the Food Service Program funds. An effective system of controls indicating the Food Service Director's review of accounts payable vouchers was not in evidence.

Cash Management

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the School Lunch fund's monthly cash balances are limited to the average expenditures for three months. An oversight or review process had not been established to document the monitoring of the cash balances.

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

Program Income and Special Tests and Provisions - School Food Accounts

The School Corporation had not designed or implemented adequate policies and procedures to ensure that program income was properly recorded in the financial records. An oversight or review process had not been established.

Reporting

The School Corporation had not designed or implemented adequate policies or procedures to ensure correct reporting of the Verification Summary, Annual Financial Report, and monthly Sponsor Claims (claims for reimbursement). An oversight or review process had not been established.

Criteria

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

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

Cause

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

Effect

The failure to establish an effective internal control system placed 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 have allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2015-005 - TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES

Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers: 2012/2013-4600, 2013/2014-4600, 2014/2015-4600
Pass-Through Entity: Indiana Department of Education

Condition

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation to ensure compliance with requirements related to the grant agreement and the Eligibility, Level of Effort - Maintenance of Effort, Reporting, and Special Tests and Provisions - Comparability compliance requirements.

Context

Eligibility

There were no controls in place to ensure that the State of Indiana's pre-populated public and poverty enrollment reported on the Eligible Schools Summary page of the Title I application were reflective of the School Corporation's records. In addition, there were no controls in place to ensure that individual student eligibility determinations were assessed properly. An oversight or review process over the reported enrollment or individual eligibility reports had not been established.

Level of Effort - Maintenance of Effort

Maintenance of Effort calculations were based on the School Corporation's Financial Activity Reports (School Form 9), which were reported semiannually to the Indiana Department of Education and included the financial activity of all funds and was the basis for the financial statement. The School Corporation indicated that the financial system was closed each month; however, the financial system allowed transfers to be backdated and to be made after the submission of the School Form 9 to the Indiana Department of Education.

Reporting and Special Tests and Provisions - Comparability

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the Final Expenditure Report, the State Per Pupil Expenditure Report (SPPE), or the Comparability Report were accurately prepared. One person was responsible for preparing and submitting each of the reports. There was no segregation of duties, such as an oversight, review, or approval process.

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

Criteria

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

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

Cause

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

Effect

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE PREPARED DOCUMENTS

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



MERRILLVILLE COMMUNITY
SCHOOL CORPORATION
6701 Delaware Street, Merrillville, IN 46410-3586
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ADMINISTRATION

John F. Strohaker, Ed.D.
Superintendent

Hilda Damianick
Asst. Superintendent
Business Affairs

Kara S. Boone
Director
Elementary Education

Tom Covator, Ed.S.
Director
Secondary Education

Danny Erkey
Director, Diversity and
Student Support Services

Jane Qualizza
Athletic Director

Amy Beckham
Co-Athletic Director

Joseph Gaudson
Director
Maintenance Services

Greg Guffin
Co-Director Transportation

Colleen Hostetter
Director
Food Services

Brad Best
Director Security

Steven J. Kerr
Coordinator
Catering Services

BOARD
OF
SCHOOL TRUSTEES

Mark A. Lucas
President

James Donohue
Vice President

Linda C. Lemons
Secretary

Thomas G. Bardsley
Member

Olivia Gregoline
Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-003-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE CHILD NUTRITION CLUSTER

Original Assigned SBA Audit Report Number:
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Colleen Hostetter
Contact Phone Number: 219-650-5300

Status of Audit Finding:

The following corrective action plan has been implemented:

1. Free and reduced lunch application information is entered and processed by the assistant to the food service director. To ensure correct eligibility determinations and proper verification of applications, the information is also verified by the food service director. For verification purposes, the food service director randomly reviews at least the minimum number of applications that is suggested by the Office of School and Community Nutrition.
2. The equipment purchased with federal funds is identified as such and are recorded in the capital assets ledger.
3. The food service director published bid for milk and bread purchase; the director also bid out third party services to have the TPA bid out food and supplies. The vendors who were awarded these contracts have provided documentation referencing their status for receipt of federal funds.
4. An employee from the food service department prepares the required reports and submits them in a timely manner. The food service director and/or the assistant food service director have reviewed and approved the required reports to ensure accuracy and timely submission. Although we did not sign or initial all of the reviewed and approved reports, the signature and/or initialing process is evident beginning January 2016.

Colleen Hostetter
Colleen Hostetter
Director of Food Service

April 18, 2016
Date



MERRILLVILLE COMMUNITY
SCHOOL CORPORATION

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ADMINISTRATION

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Superintendent
- Ellen Samuels
Assistant Superintendent
Business Affairs
- Kara S. Bonin
Director
Elementary Education
- John Curran, Ed.S.
Director
Secondary Education
- Barbara Kelly
Director, Diversity and
Student Support Services
- John Quilize
Athletic Director
- Andy Paikhan
Co-Athletic Director
- Joseph Bardsen
Director
Maintenance Services
- Geoff Griffith
Co-Director, Transportation
- William Hostler
Director
Food Services
- Brad Best
Director Security
- William J. Hill
Coordinator
Technology Services

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-004-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE TITLE I PROGRAMS

Original Assigned SBA Audit Report Number: B43498
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kara Bonin
Contact Phone Number: 219-650-5300

Status of Audit Finding:

In establishing internal controls and separation of duties, the following procedures have been implemented:

1. The Title I Program Administrator reviews and approves reimbursement requests to verify accuracy of information and to ensure program compliance.
2. The Title I Administrator and/or designee prepares the annual expenditure report which is then reviewed by another staff member.

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Kara S Bonin

Kara Bonin
Director of Elementary Education

3-21-16

Date



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- Heidi Damsch, Ed.S.
Assistant Superintendent
Elementary Schools
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Director
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- Eric C. Miller, Ed.S.
Director
Secondary Education
- Dawn L. Key
Director, Diversity and
Student Support Services
- John C. Gaudin
Assistant Director
- A. J. Hendrix
Assistant Director
- Joseph J. Darnowski
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Co-Director Transportation
- Colleen Hestler
Director
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- Brad Best
Director Security
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Member

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2013-005-INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS
THAT HAVE A DIRECT AND MATERIAL EFFECT ON THE FUND FOR THE
IMPROVEMENT OF EDUCATION***

Original Assigned SBA Audit Report Number: B43498
Report Period: July 1, 2011 to June 30, 2013
Pass-Through Entity or Federal Grantor Agency: School City of Hammond
Contact Person Responsible for Corrective Action: Lorri Covaciu
Contact Phone Number: 219-650-5300

Status of Audit Finding:

Although this grant has ended, procedures have been implemented for different grants so that the Program Administrator is reviewing and approving expenditures to verify accuracy of information and to ensure compliance with grant requirements.

Lorri Covaciu

Lorri Covaciu
Director of Secondary Education

3-21-16

Date



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Member

CORRECTIVE ACTION PLAN

FINDING 2015-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Hilda Damianick
Contact Phone Number: (219) 650-5300

We concur with the findings.

Description of Corrective Action Plan: 1. The recording/posting of receipts and the bank reconciliation will be done by different people when possible. If not possible, then our staff member who posts the receipts will run a receipt report from the financial system and the receipt report will be reviewed by a second staff member.

Although we have had one staff member enter pay information into the system and had another person verify that information, the supporting documentation was not kept on file. Documentation will now be kept on file for auditing purpose.

The Payroll Claims Generated Report shows the payroll claims generated from the payroll system for the pay period. We will run a second report, Receipt Detail Report, to verify the withholdings receipted into the financial system for that pay period.

Vendor disbursements will be paid after being approved by the treasurer and the school board. If there are exceptions, the exceptions will be documented.

2. We found that there was a wrong setting in our financial software. The setting was corrected in our financial system and the corrected setting will prevent changes or transfers to be made after the submission of Form 9.

3. We will work on establishing procedures for internal controls.

Anticipated Completion Date:

August 1, 2016, for Corrective Action Plan #1.
July 1, 2016, for Corrective Action Plan #2.
Corrective Action Plan #3 is an on-going process; process will start by July 1, 2016.


Mark Lucas
School Board President
May 19, 2016


Hilda Damianick
Asst. Superintendent for Business
May 19, 2016



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CORRECTIVE ACTION PLAN

FINDING 2015-002 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Colleen R. Hostetler
Contact Phone Number: (219) 650-5300

We concur with this finding.

Description of Corrective Action Plan: On May 9, 2016, the central office employees from the Food Service Department started filling out time sheets. Time sheets are signed by the employee and approved by the director or designee.

As of July 1, 2015, the referenced Food Service Administrative salary was no longer charged to the food service program.

Anticipated Completion Date: Above procedures have been implemented.


Colleen R. Hostetler, Food Service Director

5-20-16
Date



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CORRECTIVE ACTION PLAN

FINDING 2015-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Colleen R. Hostetler
Contact Phone Number: (219) 650-5300

We concur with this finding.

Description of Corrective Action Plan: Documentation for the calculation of the paid lunch equity will be kept on file. This calculation will be reviewed by a second staff employee.

Anticipated Completion Date: Procedures will be put in place by August 1, 2016.
implemented.


Colleen R. Hostetler, Food Service Director

5-20-16
Date



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CORRECTIVE ACTION PLAN

FINDING 2015-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Colleen R. Hostetler
Contact Phone Number: (219) 650-5300

We concur with this finding.

Description of Corrective Action Plan: Activities Allowed: Accounts payable vouchers will be approved by the Food Service Director or designee before payments are made to vendors.

Cash Management: Procedures will be put in place to ensure the school lunch fund's monthly cash balance is limited to three months' average expenditures to keep in compliance with cash management requirements. The process will include a review by a second staff member.

Program Income/Special Tests: Procedures will be put into place to ensure that income is properly recorded in the financial records. The process will include a review by a second staff member.

Reporting: Procedures will be put in place to ensure the correct reporting of the verification summary, the annual financial report, and the monthly claims for reimbursement. The process will include a review by a second staff member.

Anticipated Completion Date:

Procedures will be put in place by August 1, 2016.

Colleen R. Hostetler
Food Service Director

5-20-16

Date



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CORRECTIVE ACTION PLAN

FINDING 2015-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Kara Bonin
Contact Phone Number: (219) 650-5300

We concur with this finding.

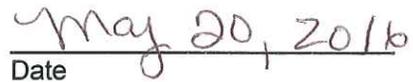
Description of Corrective Action Plan: Eligibility: Procedures will be established to verify the pre-populated public and poverty enrollment reported on the eligible schools summary page.

Level of Effort: Settings in the financial software have been changed and will not allow for transactions to take place after the submission of the Form 9.

Reporting and Special Tests: Procedures will be put into place to verify accuracy of information on the final expenditure report, the state per pupil expenditure report, or the comparability report. The process will include a review by a second staff member.

Anticipated Completion Date: Procedures will be put in place by August 1, 2016.


Kara Bonin
Director of Elementary Education


Date

OTHER REPORTS

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