

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

AUDIT REPORT

OF

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION

MORGAN COUNTY, INDIANA

July 1, 2006 to June 30, 2008



FILED
06/30/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Assistant Superintendent of Business	Michael D. Turner Tom Johnson	07-01-06 to 06-30-07 07-01-07 to 06-30-09
Superintendent of Schools	Curtis Freeman, Jr	07-01-06 to 06-30-11
President of the School Board	Phillip Wright	07-01-06 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mooresville Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 2, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

June 2, 2009



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Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Mooresville Consolidated School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated June 2, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

June 2, 2009

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 20,336,439	\$ -	\$ 125,067	\$ (20,211,372)
Support services	13,373,712	1,226,181	984,385	(11,163,146)
Community services	286,444	-	-	(286,444)
Nonprogrammed charges	413,933	-	-	(413,933)
Debt service	6,972,911	-	-	(6,972,911)
Total government	\$ 41,383,439	\$ 1,226,181	\$ 1,109,452	(39,047,806)
General receipts:				
Property taxes				7,489,905
Other local sources				2,371,102
State aid				16,172,857
Bonds and loans				4,267,031
Grants and contributions not restricted to specific programs				1,077,676
Sale of property, adjustments, and refunds				250,783
Investment earnings				198,668
Total general receipts				31,828,022
Change in net assets				(7,219,784)
Net assets - beginning				13,778,428
Net assets - ending				\$ 6,558,644
<u>Assets</u>				
Cash and investments				\$ 5,157,020
Restricted assets:				
Cash and investments				1,401,624
Total assets				\$ 6,558,644
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,401,624
Unrestricted				5,157,020
Total net assets				\$ 6,558,644

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 20,281,477	\$ -	\$ 174,577	\$ (20,106,900)
Support services	14,748,697	1,245,898	1,205,438	(12,297,361)
Community services	380,559	-	-	(380,559)
Nonprogrammed charges	406,417	-	-	(406,417)
Debt service	<u>8,468,053</u>	<u>-</u>	<u>-</u>	<u>(8,468,053)</u>
Total government	<u>\$ 44,285,203</u>	<u>\$ 1,245,898</u>	<u>\$ 1,380,015</u>	<u>(41,659,290)</u>
General receipts:				
Property taxes				15,117,792
Other local sources				3,386,518
State aid				15,924,921
Bonds and loans				4,976,306
Grants and contributions not restricted to specific programs				1,791,926
Sale of property, adjustments, and refunds				170,261
Investment earnings				<u>128,653</u>
Total general receipts				<u>41,496,377</u>
Change in net assets				(162,913)
Net assets - beginning				<u>6,558,644</u>
Net assets - ending				<u>\$ 6,395,731</u>
<u>Assets</u>				
Cash and investments				\$ 5,059,206
Restricted assets:				
Cash and investments				<u>1,336,525</u>
Total assets				<u>\$ 6,395,731</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,336,525
Unrestricted				<u>5,059,206</u>
Total net assets				<u>\$ 6,395,731</u>

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 4,624,609	\$ 950,792	\$ 66,345	\$ 2,032,188	\$ 1,915,265	\$ 242,777	\$ 1,453,781	\$ 11,285,757
Intermediate sources	95	-	-	-	-	-	-	95
State sources	16,204,069	-	-	-	-	-	809,680	17,013,749
Federal sources	-	-	-	-	-	-	1,346,235	1,346,235
Bonds and loans	1,366,008	569,798	-	1,248,687	1,082,538	-	-	4,267,031
Sale of property, adjustments and refunds	120,527	45,691	-	-	43,588	-	40,982	250,788
Total receipts	22,315,308	1,566,281	66,345	3,280,875	3,041,391	242,777	3,650,678	34,163,655
Disbursements:								
Current:								
Instruction	18,369,522	-	625,824	-	-	-	1,341,093	20,336,439
Support services	5,222,778	1,717,774	-	-	3,123,883	335,095	2,974,182	13,373,712
Community services	272,365	-	-	-	-	-	14,079	286,444
Nonprogrammed charges	413,933	-	-	-	-	-	-	413,933
Debt services	973,578	456,765	-	4,383,918	783,670	-	374,980	6,972,911
Total disbursements	25,252,176	2,174,539	625,824	4,383,918	3,907,553	335,095	4,704,334	41,383,439
Deficiency of receipts over disbursements	(2,936,868)	(608,258)	(559,479)	(1,103,043)	(866,162)	(92,318)	(1,053,656)	(7,219,784)
Other financing sources (uses):								
Transfers in	123,187	-	760,577	-	-	-	42,176	925,940
Transfers out	(18,298)	(4,156)	-	(9,084)	(387,187)	(383,001)	(124,214)	(925,940)
Total other financing sources (uses)	104,889	(4,156)	760,577	(9,084)	(387,187)	(383,001)	(82,038)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,831,979)	(612,414)	201,098	(1,112,127)	(1,253,349)	(475,319)	(1,135,694)	(7,219,784)
Cash and investments - beginning	4,039,894	972,239	1,695,087	2,504,008	1,612,976	764,892	2,189,332	13,778,428
Cash and investments - ending	<u>\$ 1,207,915</u>	<u>\$ 359,825</u>	<u>\$ 1,896,185</u>	<u>\$ 1,391,881</u>	<u>\$ 359,627</u>	<u>\$ 289,573</u>	<u>\$ 1,053,638</u>	<u>\$ 6,558,644</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,207,915	\$ 359,825	\$ 1,896,185	\$ -	\$ 359,627	\$ 289,573	\$ 1,043,895	\$ 5,157,020
Restricted assets:								
Cash and investments	-	-	-	1,391,881	-	-	9,743	1,401,624
Total cash and investment assets - ending	<u>\$ 1,207,915</u>	<u>\$ 359,825</u>	<u>\$ 1,896,185</u>	<u>\$ 1,391,881</u>	<u>\$ 359,627</u>	<u>\$ 289,573</u>	<u>\$ 1,053,638</u>	<u>\$ 6,558,644</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 1,391,881	\$ -	\$ -	\$ 9,743	\$ 1,401,624
Unrestricted	<u>1,207,915</u>	<u>359,825</u>	<u>1,896,185</u>	<u>-</u>	<u>359,627</u>	<u>289,573</u>	<u>1,043,895</u>	<u>5,157,020</u>
Total cash and investment fund balance - ending	<u>\$ 1,207,915</u>	<u>\$ 359,825</u>	<u>\$ 1,896,185</u>	<u>\$ 1,391,881</u>	<u>\$ 359,627</u>	<u>\$ 289,573</u>	<u>\$ 1,053,638</u>	<u>\$ 6,558,644</u>

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

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

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 8,325,121	\$ 1,889,247	\$ 49,895	\$ 3,910,686	\$ 3,680,221	\$ 394,990	\$ 1,628,604	\$ 19,878,764
Intermediate sources	95	-	-	-	-	-	-	95
State sources	15,987,264	-	-	-	-	-	1,101,404	17,088,668
Federal sources	-	-	-	-	-	-	2,008,194	2,008,194
Bonds and loans	1,886,082	417,451	-	1,102,395	1,544,072	-	26,306	4,976,306
Sale of property, adjustments and refunds	25,876	42,539	-	-	54,725	-	47,123	170,263
Total receipts	26,224,438	2,349,237	49,895	5,013,081	5,279,018	394,990	4,811,631	44,122,290
Disbursements:								
Current:								
Instruction	18,414,247	-	231,760	-	-	-	1,635,470	20,281,477
Support services	6,062,018	1,772,884	536,094	-	3,642,884	342,035	2,392,782	14,748,697
Community services	263,078	-	-	-	-	-	117,481	380,559
Nonprogrammed charges	406,417	-	-	-	-	-	-	406,417
Debt services	1,366,008	566,360	-	5,073,099	1,082,538	-	380,048	8,468,053
Total disbursements	26,511,768	2,339,244	767,854	5,073,099	4,725,422	342,035	4,525,781	44,285,203
Excess (deficiency) of receipts over disbursements	(287,330)	9,993	(717,959)	(60,018)	553,596	52,955	285,850	(162,913)
Other financing sources (uses):								
Transfers in	4	-	632,968	-	-	-	-	632,972
Transfers out	-	-	-	-	(453,150)	(179,818)	(4)	(632,972)
Total other financing sources (uses)	4	-	632,968	-	(453,150)	(179,818)	(4)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(287,326)	9,993	(84,991)	(60,018)	100,446	(126,863)	285,846	(162,913)
Cash and investments - beginning	1,207,915	359,825	1,896,185	1,391,881	359,627	289,573	1,053,638	6,558,644
Cash and investments - ending	\$ 920,589	\$ 369,818	\$ 1,811,194	\$ 1,331,863	\$ 460,073	\$ 162,710	\$ 1,339,484	\$ 6,395,731
Cash and Investment Assets - Ending								
Cash and investments	\$ 920,589	\$ 369,818	\$ 1,811,194	\$ -	\$ 460,073	\$ 162,710	\$ 1,334,822	\$ 5,059,206
Restricted assets:								
Cash and investments	-	-	-	1,331,863	-	-	4,662	1,336,525
Total cash and investment assets - ending	\$ 920,589	\$ 369,818	\$ 1,811,194	\$ 1,331,863	\$ 460,073	\$ 162,710	\$ 1,339,484	\$ 6,395,731
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 1,331,863	\$ -	\$ -	\$ 4,662	\$ 1,336,525
Unrestricted	920,589	369,818	1,811,194	-	460,073	162,710	1,334,822	5,059,206
Total cash and investment fund balance - ending	\$ 920,589	\$ 369,818	\$ 1,811,194	\$ 1,331,863	\$ 460,073	\$ 162,710	\$ 1,339,484	\$ 6,395,731

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 86,314	
Investment earnings:			
Interest	160,458	-	
Total additions	160,458	86,314	
Deductions:			
Administrative and general	-	20,495	
Excess of total additions over total deductions	160,458	65,819	
Cash and investment fund balance - beginning	3,227,155	16,781	
Cash and investment fund balance - ending	\$ 3,387,613	\$ 82,600	\$ 98,384
Net assets:			
Cash and investments	\$ 3,387,613	\$ 82,600	
Total net assets - cash and investment basis held in trust	\$ 3,387,613	\$ 82,600	

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 190,973	
Investment earnings:			
Interest	118,006	-	
Total additions	118,006	190,973	
Deductions:			
Administrative and general	-	72,469	
Excess of total additions over total deductions	118,006	118,504	
Cash and investment fund balance - beginning	3,387,613	82,600	
Cash and investment fund balance - ending	\$ 3,505,619	\$ 201,104	\$ 141,559
Net assets:			
Cash and investments	\$ 3,505,619	\$ 201,104	
Total net assets - cash and investment basis held in trust	\$ 3,505,619	\$ 201,104	

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Mooresville Consolidated School Corporation

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

Joint Venture

The School Corporation is a participant with Avon Community School Corporation, Brownsburg School Corporation, Danville Community School Corporation, Zionsville Community School Corporation, Monroe-Gregg School Corporation, Metropolitan School District Pike Township, Plainfield Community School Corporation, School Town of Speedway and Metropolitan School District of Wayne Township in a joint venture to operate West Central Joint Services (Co-op) which was created to provide special education. The West Central Joint Services (Coop)'s continued existence depends on continued funding by the School Corporation. Complete financial statements for the West Central Joint Services (Co-op) can be obtained from the administrative office at 8650 West Washington Street, Indianapolis, IN 46231.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major governmental funds:

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

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The rainy day fund is to account for funds in accordance with IC 36-1-8-5 and a locally adopted resolution.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the Retirement/Severance Bond Fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the individuals.

Agency funds account for assets held by the School Corporation as an agent for employees and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

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

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were not distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

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

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2007	2008
Safe Haven	\$ 7,000	\$ 7,755
Mid-State Adult Education	30,329	40,252
Workforce Development Grant	100	-
Special Education 2004-2005	34,973	-

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision.

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2006-2007	2007-2008
General Fund	Other governmental funds	\$ 18,298	\$ -
Capital Projects	Rainy Day	378,671	453,150
School Bus Replacement	Rainy Day	381,906	179,818
Debt Service	Other governmental funds	9,084	-
Capital Projects	Other governmental funds	8,516	-
Transporation Operating	Other governmental funds	4,156	-
School Bus Replacement	Other governmental funds	1,094	-
Other governmental funds	General Fund	123,187	4
Other governmental funds	Other governmental funds	1,028	-
Totals		<u>\$ 925,940</u>	<u>\$ 632,972</u>

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended June 30, 2006, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Fund reclassification represent the reclassification of governmental funds to private purpose trust funds.

Opinion Unit	Balance as Reported June 30, 2006	Fund Reclassification	Balance as Restated July 1, 2006
Governmental Funds	\$ 13,778,896	\$ (468)	\$ 13,778,428
Private-Purpose Trust	16,313	468	16,781

IV. Other Information

A. Risk Management

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

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

Medical Benefits to Employees, Retirees and Dependents

During 1990, the School Corporation joined with other governmental entities to form the Central Indiana Employees Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for six member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees, retirees and dependents. The School Corporation pays an annual premium to the risk pool for its medical benefits to employees, retirees and dependent coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$2,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$125,000 limit.

B. Holding Corporations

The School Corporation has entered into a capital lease with Mooresville Multipurpose School Building Corporation and the Mooresville School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2006-2007 and 2007-2008 totaled \$3,579,222 and \$3,298,208.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

In March 2009, the School Corporation entered into a capital lease for computers and school buses.

D. Other Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 50 with at least ten years of service. Currently, 105 retirees meet these eligibility requirements. The School Corporation and retirees provides varying amounts of these postemployment benefits, based upon the employee group and benefit plan the retiree belongs to. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 277,528
Interest on net pension obligation	(30,897)
Adjustment to annual required contribution	35,210
Annual pension cost	281,841
Contributions made	259,983
Increase in net pension obligation	21,858
Net pension obligation, beginning of year	(426,171)
Net pension obligation, end of year	\$ (404,313)

	PERF
Contribution rates:	
School Corporation	7%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 239,922	88%	\$ (463,056)
	06-30-07	267,290	86%	(426,171)
	06-30-08	281,841	92%	(404,313)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$630,615 \$536,563, and \$487,482, respectively. The School Corporation actually contributed 100%, of the required contribution for each of the fiscal years, respectively.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 3,265,554	\$ 3,761,494	\$ (495,940)	87%	\$ 3,658,987	(14%)
07-01-07	3,624,946	4,160,633	(535,687)	87%	3,761,312	(14%)
07-01-08	3,730,617	4,407,451	(676,834)	85%	3,673,889	(18%)

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Pre-School Handicapped	School Lunch	Textbook Reimbursement	Levy Excess	Alternative Education	Safe Haven	Gifted Talented 2005-2006
Receipts:							
Local sources	\$ 12,220	\$ 1,039,440	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	92,732	22,840	569,834	-	10,037	-	-
Federal sources	-	391,711	-	-	-	-	-
Sale of property, adjustments and refunds	-	1,208	-	-	-	-	-
Total receipts	104,952	1,455,199	569,834	-	10,037	-	-
Disbursements:							
Current:							
Instruction	108,146	-	-	-	10,037	-	6,761
Support services	-	1,458,726	492,372	-	-	9,802	-
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	108,146	1,458,726	492,372	-	10,037	9,802	6,761
Excess (deficiency) of receipts over disbursements	(3,194)	(3,527)	77,462	-	-	(9,802)	(6,761)
Other financing sources (uses):							
Transfers in	-	-	-	42,176	-	-	-
Transfers out	(55)	-	-	(123,186)	-	-	-
Total other financing sources (uses)	(55)	-	-	(81,010)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,249)	(3,527)	77,462	(81,010)	-	(9,802)	(6,761)
Cash and investments - beginning	236,965	249,952	171,738	123,186	-	2,802	6,761
Cash and investments - ending	\$ 233,716	\$ 246,425	\$ 249,200	\$ 42,176	\$ -	\$ (7,000)	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 233,716	\$ 246,425	\$ 249,200	\$ 42,176	\$ -	\$ (7,000)	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 233,716	\$ 246,425	\$ 249,200	\$ 42,176	\$ -	\$ (7,000)	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	233,716	246,425	249,200	42,176	-	(7,000)	-
Total cash and investment fund balance - ending	\$ 233,716	\$ 246,425	\$ 249,200	\$ 42,176	\$ -	\$ (7,000)	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted Talented 2006-2007	Mid-State Adult Education	Non-English Speaking Program	School Technology Fund	Professional Development Grant	Economic Education Grant	Beginning Teacher Internship
Receipts:							
Local sources	\$ -	\$ 202,750	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	18,373	75,305	176	-	-	2,500	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	600
Total receipts	18,373	278,055	176	-	-	2,500	600
Disbursements:							
Current:							
Instruction	16,172	242,926	1,102	-	566	2,335	600
Support services	-	443	-	-	-	-	600
Community services	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	16,172	243,369	1,102	-	566	2,335	1,200
Excess (deficiency) of receipts over disbursements	2,201	34,686	(926)	-	(566)	165	(600)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,201	34,686	(926)	-	(566)	165	(600)
Cash and investments - beginning	-	(65,015)	2,921	2,210	1,219	405	600
Cash and investments - ending	\$ 2,201	\$ (30,329)	\$ 1,995	\$ 2,210	\$ 653	\$ 570	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,201	\$ (30,329)	\$ 1,995	\$ 2,210	\$ 653	\$ 570	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2,201	\$ (30,329)	\$ 1,995	\$ 2,210	\$ 653	\$ 570	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,201	(30,329)	1,995	2,210	653	570	-
Total cash and investment fund balance - ending	\$ 2,201	\$ (30,329)	\$ 1,995	\$ 2,210	\$ 653	\$ 570	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Workforce Development Grant	Title I 2005-2006	Title I 2006-2007	Title V Part A Innovative Program	Title V Part A 2005-2006	Title V Part A 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	17,883	-	-	-	-	-
Federal sources	-	31,000	368,619	-	-	6,569
Sale of property, adjustments and refunds	-	-	36,132	-	-	-
Total receipts	17,883	31,000	404,751	-	-	6,569
Disbursements:						
Current:						
Instruction	-	53,663	267,653	-	-	-
Support services	14,001	50,027	67,686	654	896	6,569
Community services	-	6,425	7,654	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	14,001	110,115	342,993	654	896	6,569
Excess (deficiency) of receipts over disbursements	3,882	(79,115)	61,758	(654)	(896)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,882	(79,115)	61,758	(654)	(896)	-
Cash and investments - beginning	(3,982)	79,115	-	654	2,000	-
Cash and investments - ending	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 61,758</u>	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ (100)	\$ -	\$ 61,758	\$ -	\$ 1,104	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 61,758</u>	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	(100)	-	61,758	-	1,104	-
Total cash and investment fund balance - ending	<u>\$ (100)</u>	<u>\$ -</u>	<u>\$ 61,758</u>	<u>\$ -</u>	<u>\$ 1,104</u>	<u>\$ -</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Service Learning Grant	Special Education 2004-2005	Title IV Drug Free 2005-2006	Title IV Drug Free 2006-2007	JAIBG 2000-2001	U.S. DOE Student Drug Testing
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	16,000	380,130	-	13,598	-	4,000
Sale of property, adjustments and refunds	3,042	-	-	-	-	-
Total receipts	19,042	380,130	-	13,598	-	4,000
Disbursements:						
Current:						
Instruction	-	468,589	6,217	10,527	-	4,000
Support services	37,437	-	-	-	250	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	37,437	468,589	6,217	10,527	250	4,000
Excess (deficiency) of receipts over disbursements	(18,395)	(88,459)	(6,217)	3,071	(250)	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(18,395)	(88,459)	(6,217)	3,071	(250)	-
Cash and investments - beginning	37,989	53,486	8,873	-	442	-
Cash and investments - ending	\$ 19,594	\$ (34,973)	\$ 2,656	\$ 3,071	\$ 192	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 19,594	\$ (34,973)	\$ 2,656	\$ 3,071	\$ 192	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 19,594	\$ (34,973)	\$ 2,656	\$ 3,071	\$ 192	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	19,594	(34,973)	2,656	3,071	192	-
Total cash and investment fund balance - ending	\$ 19,594	\$ (34,973)	\$ 2,656	\$ 3,071	\$ 192	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II Part A	Title II Part D Technology	Retirement Severance Bond	Construction Fund	Construction Fund 2006	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 199,101	\$ -	\$ 270	\$ 1,453,781
State sources	-	-	-	-	-	809,680
Federal sources	134,608	-	-	-	-	1,346,235
Sale of property, adjustments and refunds	-	-	-	-	-	40,982
Total receipts	134,608	-	199,101	-	270	3,650,678
Disbursements:						
Current:						
Instruction	141,799	-	-	-	-	1,341,093
Support services	-	5,620	-	-	829,099	2,974,182
Community services	-	-	-	-	-	14,079
Debt services	-	-	374,980	-	-	374,980
Total disbursements	141,799	5,620	374,980	-	829,099	4,704,334
Excess (deficiency) of receipts over disbursements	(7,191)	(5,620)	(175,879)	-	(828,829)	(1,053,656)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	42,176
Transfers out	-	-	(973)	-	-	(124,214)
Total other financing sources (uses)	-	-	(973)	-	-	(82,038)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,191)	(5,620)	(176,852)	-	(828,829)	(1,135,694)
Cash and investments - beginning	94,754	11,508	186,595	20,332	963,822	2,189,332
Cash and investments - ending	<u>\$ 87,563</u>	<u>\$ 5,888</u>	<u>\$ 9,743</u>	<u>\$ 20,332</u>	<u>\$ 134,993</u>	<u>\$ 1,053,638</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 87,563	\$ 5,888	\$ -	\$ 20,332	\$ 134,993	\$ 1,043,895
Restricted assets:						
Cash and investments	-	-	9,743	-	-	9,743
Total cash and investment assets - ending	\$ 87,563	\$ 5,888	\$ 9,743	\$ 20,332	\$ 134,993	\$ 1,053,638
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 9,743	\$ -	\$ -	\$ 9,743
Unrestricted	87,563	5,888	-	20,332	134,993	1,043,895
Total cash and investment fund balance - ending	\$ 87,563	\$ 5,888	\$ 9,743	\$ 20,332	\$ 134,993	\$ 1,053,638

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

	Pre-School Handicapped	School Lunch	Textbook Reimbursement	Levy Excess	Alternative Education	Safe Haven
Receipts:						
Local sources	\$ 22,746	\$ 1,051,110	\$ -	\$ -	\$ -	\$ -
State sources	87,916	22,083	674,635	-	10,032	7,000
Federal sources	-	508,720	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>110,662</u>	<u>1,581,913</u>	<u>674,635</u>	<u>-</u>	<u>10,032</u>	<u>7,000</u>
Disbursements:						
Current:						
Instruction	161,466	-	-	-	10,032	-
Support services	-	1,595,619	570,261	-	-	7,755
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>161,466</u>	<u>1,595,619</u>	<u>570,261</u>	<u>-</u>	<u>10,032</u>	<u>7,755</u>
Excess (deficiency) of receipts over disbursements	<u>(50,804)</u>	<u>(13,706)</u>	<u>104,374</u>	<u>-</u>	<u>-</u>	<u>(755)</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>(50,804)</u>	<u>(13,706)</u>	<u>104,374</u>	<u>-</u>	<u>-</u>	<u>(755)</u>
Cash and investments - beginning	<u>233,716</u>	<u>246,425</u>	<u>249,200</u>	<u>42,176</u>	<u>-</u>	<u>(7,000)</u>
Cash and investments - ending	<u>\$ 182,912</u>	<u>\$ 232,719</u>	<u>\$ 353,574</u>	<u>\$ 42,176</u>	<u>\$ -</u>	<u>\$ (7,755)</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 182,912	\$ 232,719	\$ 353,574	\$ 42,176	\$ -	\$ (7,755)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 182,912</u>	<u>\$ 232,719</u>	<u>\$ 353,574</u>	<u>\$ 42,176</u>	<u>\$ -</u>	<u>\$ (7,755)</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	182,912	232,719	353,574	42,176	-	(7,755)
Total cash and investment fund balance - ending	<u>\$ 182,912</u>	<u>\$ 232,719</u>	<u>\$ 353,574</u>	<u>\$ 42,176</u>	<u>\$ -</u>	<u>\$ (7,755)</u>

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

	Gifted Talented 2006-2007	High Ability Grant	Mid-State Adult Education	Non-English Speaking Program	School Technology Fund	Technology Plan Grant 2008-2010
Receipts:						
Local sources	\$ -	\$ -	\$ 178,886	\$ -	\$ -	\$ -
State sources	-	45,073	64,079	3,082	-	145,388
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	376	-	-	-
Total receipts	-	45,073	243,341	3,082	-	145,388
Disbursements:						
Current:						
Instruction	2,197	31,007	253,064	408	-	-
Support services	-	-	200	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,197	31,007	253,264	408	-	-
Excess (deficiency) of receipts over disbursements	(2,197)	14,066	(9,923)	2,674	-	145,388
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(4)	-	-	-	-	-
Total other financing sources (uses)	(4)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,201)	14,066	(9,923)	2,674	-	145,388
Cash and investments - beginning	2,201	-	(30,329)	1,995	2,210	-
Cash and investments - ending	\$ -	\$ 14,066	\$ (40,252)	\$ 4,669	\$ 2,210	\$ 145,388
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 14,066	\$ (40,252)	\$ 4,669	\$ 2,210	\$ 145,388
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 14,066	\$ (40,252)	\$ 4,669	\$ 2,210	\$ 145,388
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	14,066	(40,252)	4,669	2,210	145,388
Total cash and investment fund balance - ending	\$ -	\$ 14,066	\$ (40,252)	\$ 4,669	\$ 2,210	\$ 145,388

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

	Professional Development Grant	Economic Education Grant	Local Wellness Grant	Workforce Development Grant	Title I 2006-2007	Title I 2007-2008
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	2,000	130	39,986	-	-
Federal sources	-	-	-	-	33,499	455,351
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	46,302
Total receipts	<u>-</u>	<u>2,000</u>	<u>130</u>	<u>39,986</u>	<u>33,499</u>	<u>501,653</u>
Disbursements:						
Current:						
Instruction	653	2,193	-	96	47,201	324,061
Support services	-	-	-	39,790	47,505	76,669
Community services	-	-	-	-	551	15,430
Debt services	-	-	-	-	-	-
Total disbursements	<u>653</u>	<u>2,193</u>	<u>-</u>	<u>39,886</u>	<u>95,257</u>	<u>416,160</u>
Excess (deficiency) of receipts over disbursements	<u>(653)</u>	<u>(193)</u>	<u>130</u>	<u>100</u>	<u>(61,758)</u>	<u>85,493</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>(653)</u>	<u>(193)</u>	<u>130</u>	<u>100</u>	<u>(61,758)</u>	<u>85,493</u>
Cash and investments - beginning	<u>653</u>	<u>570</u>	<u>-</u>	<u>(100)</u>	<u>61,758</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,493</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 377	\$ 130	\$ -	\$ -	\$ 85,493
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,493</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	377	130	-	-	85,493
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 377</u>	<u>\$ 130</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,493</u>

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

	McKinney-Vento Homeless Grant	Title V Part A 2005-2006	Title V 2007-2008	Service Learning Grant	Special Education 2004-2005	Early Childhood Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 895	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	101,500	-	6,487	10,000	852,437	26,754
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	445	-	-
Total receipts	101,500	-	6,487	11,340	852,437	26,754
Disbursements:						
Current:						
Instruction	-	-	-	-	681,365	26,754
Support services	-	1,104	-	22,391	-	-
Community services	101,500	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	101,500	1,104	-	22,391	681,365	26,754
Excess (deficiency) of receipts over disbursements	-	(1,104)	6,487	(11,051)	171,072	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,104)	6,487	(11,051)	171,072	-
Cash and investments - beginning	-	1,104	-	19,594	(34,973)	-
Cash and investments - ending	\$ -	\$ -	\$ 6,487	\$ 8,543	\$ 136,099	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 6,487	\$ 8,543	\$ 136,099	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 6,487	\$ 8,543	\$ 136,099	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	6,487	8,543	136,099	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 6,487	\$ 8,543	\$ 136,099	\$ -

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

	Title IV Drug Free 2005-2006	Title IV Drug Free 2006-2007	Title IV Drug Fee 2007-2008	JAIBG 2000-2001	Title II Part A
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	13,446	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>13,446</u>	<u>-</u>	<u>-</u>
Disbursements:					
Current:					
Instruction	2,656	2,952	3,774	-	85,591
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>2,656</u>	<u>2,952</u>	<u>3,774</u>	<u>-</u>	<u>85,591</u>
Excess (deficiency) of receipts over disbursements	<u>(2,656)</u>	<u>(2,952)</u>	<u>9,672</u>	<u>-</u>	<u>(85,591)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<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>(2,656)</u>	<u>(2,952)</u>	<u>9,672</u>	<u>-</u>	<u>(85,591)</u>
Cash and investments - beginning	<u>2,656</u>	<u>3,071</u>	<u>-</u>	<u>192</u>	<u>87,563</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 9,672</u>	<u>\$ 192</u>	<u>\$ 1,972</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 119	\$ 9,672	\$ 192	\$ 1,972
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 9,672</u>	<u>\$ 192</u>	<u>\$ 1,972</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	119	9,672	192	1,972
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 119</u>	<u>\$ 9,672</u>	<u>\$ 192</u>	<u>\$ 1,972</u>

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

	Title II Part D Technology	Retirement Severance Bond	Construction Fund	Construction Fund 2006	Totals
Receipts:					
Local sources	\$ -	\$ 374,967	\$ -	\$ -	\$ 1,628,604
State sources	-	-	-	-	1,101,404
Federal sources	-	-	-	-	2,008,194
Bonds and loans	-	-	26,306	-	26,306
Sale of property, adjustments and refunds	-	-	-	-	47,123
Total receipts	<u>-</u>	<u>374,967</u>	<u>26,306</u>	<u>-</u>	<u>4,811,631</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	1,635,470
Support services	5,888	-	-	25,600	2,392,782
Community services	-	-	-	-	117,481
Debt services	-	380,048	-	-	380,048
Total disbursements	<u>5,888</u>	<u>380,048</u>	<u>-</u>	<u>25,600</u>	<u>4,525,781</u>
Excess (deficiency) of receipts over disbursements	<u>(5,888)</u>	<u>(5,081)</u>	<u>26,306</u>	<u>(25,600)</u>	<u>285,850</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(4)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,888)</u>	<u>(5,081)</u>	<u>26,306</u>	<u>(25,600)</u>	<u>285,846</u>
Cash and investments - beginning	<u>5,888</u>	<u>9,743</u>	<u>20,332</u>	<u>134,993</u>	<u>1,053,638</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 4,662</u>	<u>\$ 46,638</u>	<u>\$ 109,393</u>	<u>\$ 1,339,484</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ -	\$ 46,638	\$ 109,393	\$ 1,334,822
Restricted assets:					
Cash and investments	-	4,662	-	-	4,662
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 4,662</u>	<u>\$ 46,638</u>	<u>\$ 109,393</u>	<u>\$ 1,339,484</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 4,662	\$ -	\$ -	\$ 4,662
Unrestricted	-	-	46,638	109,393	1,334,822
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 4,662</u>	<u>\$ 46,638</u>	<u>\$ 109,393</u>	<u>\$ 1,339,484</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Community Foundation Donation	Science Fair American Water	Radkids	State Farm Emergency Grant	St. Francis Red Ribbon	Usage Grant CEC	State Farm Award
Additions:							
Contributions:							
Other	\$ 650	\$ 1,114	\$ 420	\$ 75,830	\$ 2,000	\$ -	\$ -
Deductions:							
Administrative and general	840	823	308	5,388	2,000	-	1,425
Excess (deficiency) of total additions over total deductions	(190)	291	112	70,442	-	-	(1,425)
Cash and investment fund balance - beginning	221	248	-	-	-	3,281	1,425
Cash and investments - June 30	<u>\$ 31</u>	<u>\$ 539</u>	<u>\$ 112</u>	<u>\$ 70,442</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ 31</u>	<u>\$ 539</u>	<u>\$ 112</u>	<u>\$ 70,442</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 31</u>	<u>\$ 539</u>	<u>\$ 112</u>	<u>\$ 70,442</u>	<u>\$ -</u>	<u>\$ 3,281</u>	<u>\$ -</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Youth Conference High School	IPL Golden Apple Award	BECP	Primetime Grant Smoking	United Way	Totals
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ 5,350	\$ -	\$ 950	\$ 86,314
Deductions:						
Administrative and general	-	45	5,280	73	4,313	20,495
Excess (deficiency) of total additions over total deductions	-	(45)	70	(73)	(3,363)	65,819
Cash and investment fund balance - beginning	1,470	45	4,407	1,542	4,142	16,781
Cash and investments - June 30	<u>\$ 1,470</u>	<u>\$ -</u>	<u>\$ 4,477</u>	<u>\$ 1,469</u>	<u>\$ 779</u>	<u>\$ 82,600</u>
Net assets:						
Cash and investments	<u>\$ 1,470</u>	<u>\$ -</u>	<u>\$ 4,477</u>	<u>\$ 1,469</u>	<u>\$ 779</u>	<u>\$ 82,600</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,470</u>	<u>\$ -</u>	<u>\$ 4,477</u>	<u>\$ 1,469</u>	<u>\$ 779</u>	<u>\$ 82,600</u>

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

	Community Foundation Donation	Science Fair American Water	Radkids	State Farm Emergency Grant	St. Francis Red Ribbon	Usage Grant CEC	Youth Conference High School
Additions:							
Contributions:							
Other	\$ -	\$ 1,272	\$ -	\$ 75,830	\$ 600	\$ -	\$ 1,000
Deductions:							
Administrative and general	-	1,127	-	45,779	-	-	-
Excess (deficiency) of total additions over total deductions	-	145	-	30,051	600	-	1,000
Cash and investment fund balance - beginning	31	539	112	70,442	-	3,281	1,470
Cash and investments - June 30	<u>\$ 31</u>	<u>\$ 684</u>	<u>\$ 112</u>	<u>\$ 100,493</u>	<u>\$ 600</u>	<u>\$ 3,281</u>	<u>\$ 2,470</u>
Net assets:							
Cash and investments	<u>\$ 31</u>	<u>\$ 684</u>	<u>\$ 112</u>	<u>\$ 100,493</u>	<u>\$ 600</u>	<u>\$ 3,281</u>	<u>\$ 2,470</u>
Total net assets - cash and investment basis held in trust	<u>\$ 31</u>	<u>\$ 684</u>	<u>\$ 112</u>	<u>\$ 100,493</u>	<u>\$ 600</u>	<u>\$ 3,281</u>	<u>\$ 2,470</u>

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

	Kendrick Grant	BECP	Primetime Grant Smoking	United Way	Kendrick Pandemic Flu Program	Totals
Additions:						
Contributions:						
Other	\$ 18,855	\$ 6,300	\$ -	\$ -	\$ 87,116	\$ 190,973
Deductions:						
Administrative and general	18,855	6,210	-	498	-	72,469
Excess (deficiency) of total additions over total deductions	-	90	-	(498)	87,116	118,504
Cash and investment fund balance - beginning	-	4,477	1,469	779	-	82,600
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 4,567</u>	<u>\$ 1,469</u>	<u>\$ 281</u>	<u>\$ 87,116</u>	<u>\$ 201,104</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 4,567</u>	<u>\$ 1,469</u>	<u>\$ 281</u>	<u>\$ 87,116</u>	<u>\$ 201,104</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 4,567</u>	<u>\$ 1,469</u>	<u>\$ 281</u>	<u>\$ 87,116</u>	<u>\$ 201,104</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For the year ending June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 37,673,726
Improvements other than buildings	925,054
Machinery and equipment	<u>4,260,027</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 42,858,807</u>

MOORSESVILLE CONSOLIDATED SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Buses	\$ 1,182,855	\$ 322,774
Computer Lease	917,716	365,192
Other Leases	1,025,218	336,135
Bonds payable:		
General obligation bonds:		
School Renovations - Bonds of 2005	990,000	310,238
Pension Bonds of 2003	3,905,000	374,060
Holding Corporation	19,125,085	2,983,604
Tax anticipation warrants	4,950,000	4,950,000
Total governmental activities debt	<u>\$ 32,095,874</u>	<u>\$ 9,642,004</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

CAPITAL ASSET RECORDS

The School Corporation contracted with American Appraisal Association to appraise and track their capital assets. The report from American Appraisal Association did not include the purchase cost or estimated purchase cost of the land owned by the School Corporation. A similar comment appeared in the prior Report B29714.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

TRANSFER TUITION

The School Corporation was not calculating and billing the correct amount for transfer tuition.

IC 20-26-11-6 states in part:

"(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 2 of this chapter."

"(b) No transfer may, however, be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school years ending June 30, 2007 and 2008, for the honors diplomas. The difference between the count reported on the ADM and the verified figures are shown below:

<u>School Year</u>	<u>Count as Reported on Form Number 30A</u>	<u>Actual Program Figures</u>	<u>Difference</u>
2006-2007	78	80	2
2007-2008	71	76	5

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

OVERDRAWN FUND BALANCES

The Safe Haven Fund and the Mid-State Adult Education Fund were overdrawn in 2007 and 2008. The Workforce Development Grant Fund and the Special Education 2004-2005 Fund were overdrawn in 2007.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

The School Corporation during the 2006-2007 school year test-checked the validity of information provided on the applications for free and reduced-priced meals. The results of the test-checks, which were reported to the Indiana Department of Education in accordance with 7CFR 245.6(a), are as follows:

Number of Approved Applications: 834

Number of Approved Applications Verified: 40

Method of Selection: Focused

Error Rate of Items Verified: 32

An "error" for purposes of the test-check was an application that could not be verified by the program participant with requested "income verification" information (i.e., paycheck stub, W-2, etc.). Any program participant who was found to have an application that could not be verified was dropped from the free and reduced-price meal program.

Form 521 was considered to be incomplete in detail. In some instances, applicant's grade/school was not available and the verification section was not filled out. Newby Elementary School records for the 2006-2007 audit year could not be found. Form 521 detail did not match the numbers listed on IDOE's School Food Authority Verification Summary Report. There were more Form 521 verifications than the numbers listed on IDOE's work paper.

Officials should request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

DEPOSIT CLASSIFICATION (Mooresville High School and Neil Armstrong Elementary)

Eight classifications did not match deposit classification at Mooresville High School, when nontext book rental receipts were tested. Six deposit slip classifications had more check totals than the receipt classification. Two deposit slip classifications had more cash totals than the receipt classification.

Three text book rental deposit slips classifications did not match the receipts classification at Mooresville High School.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Text book rental receipts could not be traced to fund receipts and deposit slips for eleven receipts at Neil Armstrong Elementary School.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

BANK ACCOUNT RECONCILIATIONS (North Madison Elementary)

Depository reconciliations of the fund balances to the bank account balances were not presented for audit or were incorrect. The reconciliation for North Madison Elementary was incorrect for the years ending May 31, 2007, and May 31, 2008. A similar comment appeared in the prior Report B29714.

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

DEPOSITS (North Madison Elementary)

Some receipts were written for amounts which could not be verified to bank deposits. Cash and check amounts on the receipts allotted per fund could not be verified to a specific fund. Textbook rental amounts were included with other funds on the receipt.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

ECA DEPOSITS (North Madison Elementary)

Receipts were not always deposited within a reasonable time. Receipts, in some instances, were held for periods in excess of 7 business days before depositing.

IC 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

DEPOSITS (North Wood Elementary)

Some receipts were written for amounts which could not be verified to bank deposits.

IC 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

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

Compliance

We have audited the compliance of the Mooresville Consolidated School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether 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. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material

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

effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

The School Corporation's response to the finding identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

STATE BOARD OF ACCOUNTS

June 2, 2009

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 63,366	\$ -
School Year 2006-2007		None		
School Year 2007-2008		None	-	77,935
Total for program			<u>63,366</u>	<u>77,935</u>
National School Lunch Program				
School Year 2006-2007	10.555		473,003	-
School Year 2007-2008		None	-	555,883
Total for program			<u>473,003</u>	<u>555,883</u>
Total for federal grantor agency			<u>536,369</u>	<u>633,818</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Metropolitan School District of Wayne Township				
Special Education Cluster				
Special Education - Grants to States	84.027			
		Project No. 14206.063-PN01	53,486	-
		Project No. 14207.063-PN01	415,103	104,122
		Project No. 14208-063-PN01	-	586,660
Total for program			<u>468,589</u>	<u>690,782</u>
Special Education - Preschool Grants				
Special Education - Preschool Grants	84.173			
		Project No. 45708-063-PN01	-	26,754
Total for cluster			<u>468,589</u>	<u>717,536</u>
Pass-Through Indiana Department of Education				
Title 1 Grants to Local Education Agencies				
Title 1 Grants to Local Education Agencies	84.010			
		Project No. 06-5930	110,115	-
		Project No. 07-5930	342,993	48,956
		Project No. 08-5930	-	416,160
Total for program			<u>453,108</u>	<u>465,116</u>
Safe and Drug Free Schools and Communities - State Grants				
Safe and Drug Free Schools and Communities - State Grants	84.186			
		Project No. 05-094	6,217	2,656
		Project No. 5930-06	10,527	2,952
		Project No. 07-5930	-	3,774
Total for program			<u>16,744</u>	<u>9,382</u>

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Education for Homeless Children and Youth School Year 2007-2008	84.196	None	-	101,500
State Grants for Innovative Programs	84.298			
		Project No. 04-113	654	-
		Project No. 05-028	896	1,104
		Project No. 06-5930	6,569	-
Total for program			8,119	1,104
Education Technology - State Grants School Year 2006-2007 School Year 2007-2008	84.318	None None	5,620 -	- 5,888
Total for program			5,620	5,888
Improving Teacher Quality State Grants	84.367			
		Project No. 05-006	91,095	-
		Project No. 06-5930	50,704	83,904
		Project No. 07-5930	-	1,687
Total for program			141,799	85,591
Total for federal grantor agency			1,093,979	1,386,117
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America School and Community Based Programs School Year 2006-2007 School Year 2007-2008	94.004	None None	37,438 -	- 22,391
Total for federal grantor agency			37,438	22,391
Total federal awards expended			\$ 1,667,786	\$ 2,042,326

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

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

I. Basis of Presentation

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

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

II. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2008:

Program Title	Federal CFDA Number	2008
Education for Homeless Children and Youth	84.196	\$ 101,500

III. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
National School Lunch Program	10.555	\$ 44,697	\$ 62,106

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted?	no
---	----

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes
--	-----

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee?	yes
--	-----

Section II – Financial Statement Findings

No matters are reportable.

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

Section III – Federal Award Findings and Questioned Costs

FINDING 2008-1, SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

Federal Agency: U.S. Department of Agriculture
Federal Program: Child Nutrition Cluster
CFDA Number: 10.555
Pass-through Entity: Indiana Department of Education

During the 2006-2007 audit year, the School Corporation test-checked the validity of information provided on the applications for free and reduced-priced meals. The results of the test-checks, which were reported to the Indiana Department of Education in accordance with 7CFR 245.6(a), are as follows:

Number of Approved Applications: 834
Number of Approved Applications Verified: 40
Method of Selection: Focused
Error Rate of Items Verified: 32

An "error" for purposes of the test-check was an application that could not be verified by the program participant with requested "income verification" information (i.e., paycheck stub, W-2, etc.). Any program participant who was found to have an application that could not be verified was dropped from the free and reduced-price meal program.

Form 521 was considered to be incomplete in detail. In some instances, applicant's grade/school was not available and the verification section was not filled out. Newby Elementary School records for the 2006-2007 audit year could not be found. Form 521 detail did not match the numbers listed on IDOE's School Food Authority Verification Summary Report. There were more Form 521 verifications than the numbers listed on IDOE's work paper.

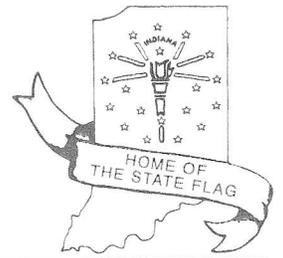
Officials were instructed to complete all information and retain all documentation when reviewing applications for verification of free and reduced price applications.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION EDUCATION CENTER

11 W. CARLISLE STREET MOORESVILLE, INDIANA 46158
TELEPHONE: (317) 831-0950
FAX: (317) 831-9202



Curtis Freeman Jr., RSBA, SUPERINTENDENT

Thomas M. Johnson, ASS'T. SUPERINTENDENT
Brad K. Lindsay, ASS'T. SUPERINTENDENT

June 9, 2009

State Board of Accounts
302 Washington St., Room E418
Indianapolis, IN 46204-2765

The following is our plan to correct the problems found in the cafeteria record keeping.

1. In the future, there will be a deadline date for all free and reduced applications to be brought to the Director's Office and filed. There will be copies made for cashiers to keep on file. The applications will also be checked at this point to ensure they are completed.
2. A list of families who were part of the verification process will be attached to the verification form and a copy of their application.
3. A training session will be held with head cashiers at the beginning of the school year to initiate these changes.

Signed: <u>Tom Johnson</u>	Signed: <u>Martha Sumner</u>
Title: <u>Asst. Supt / Business</u>	Title: <u>Food Service Director</u>
Date: <u>6-9-09</u>	Date: <u>6-9-09</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on June 10, 2009, with Tom Johnson, Assistant Superintendent for Business; Curtis Freeman Jr., Superintendent of Schools; and Phillip Wright, President of the School Board. The officials concurred with our audit findings.