

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
POSEY COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
09/24/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary E. Buchanan	01-01-12 to 12-31-15
Superintendent of Schools	Dr. Thomas Kopatich	07-01-10 to 06-30-16
President of the School Board	Heather Allyn Kathy Weinzapfel Beth McFadin-Higgins Heather Allyn	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL
DISTRICT OF MT. VERNON, POSEY COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

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

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated July 1, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

July 1, 2015



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL
DISTRICT OF MT. VERNON, POSEY COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Metropolitan School District of Mt. Vernon (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated July 1, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

July 1, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 2,441,472	\$ 14,717,945	\$ 14,478,105	\$ 8,613	\$ 2,689,925	\$ 14,522,860	\$ 14,950,397	\$ (23,341)	\$ 2,239,047
Debt Service	2,149,913	1,999,720	2,236,000	(9,813)	1,903,820	2,193,214	2,236,000	-	1,861,034
Retirement/Severance Bond Debt Service	492,000	661,664	699,260	-	454,404	676,847	698,956	-	432,295
Capital Projects	4,232,143	5,976,278	6,183,948	(400,000)	3,624,473	6,280,063	4,796,757	(498,664)	4,609,115
School Transportation	1,455,093	1,995,287	1,660,124	(200,000)	1,590,256	2,025,910	1,791,779	(300,000)	1,524,387
School Bus Replacement	296,123	249,158	180,075	-	365,206	256,973	-	-	622,179
Rainy Day	1,487,643	-	152,699	611,335	1,946,279	-	983,400	800,000	1,762,879
Retirement/Severance Bond	435,438	-	34,726	-	400,712	-	226	(300,000)	100,486
Construction	1,013,250	-	276,229	-	737,021	-	467,009	-	270,012
School Lunch	748,775	1,136,066	1,162,421	-	722,420	1,171,231	1,107,661	-	785,990
Textbook Rental	22,030	185,939	161,905	9,813	55,877	193,903	164,801	-	84,979
Self-Insurance	-	-	-	-	-	1,234,273	1,152,118	327,226	409,381
Educational License Plates	1,308	356	429	-	1,235	375	1,071	-	539
Alternative Education	33,785	7,981	1,719	-	40,047	7,457	1,358	-	46,146
United Way Grant	-	-	-	-	-	51,000	20,800	-	30,200
ETFCU Card	-	-	-	-	-	187	-	-	187
Alt Program Grant	11,939	-	-	-	11,939	-	-	-	11,939
Marrs Donation	16	-	16	-	-	-	-	-	-
SINE - High Ability	1,000	-	1,000	-	-	-	-	-	-
SINE - Prof Dev	437	-	130	-	307	-	-	-	307
CFI Mini Grant	3,188	1,840	3,724	-	1,304	2,181	1,802	-	1,683
Vectren Grant	-	1,320	-	-	1,320	-	908	-	412
Energize Indiana Grant	-	-	-	-	-	100	-	-	100
Cultural Arts	3,117	-	468	-	2,649	246	-	-	2,895
Abell Scholarship	10,386	23	97	-	10,312	48	60	-	10,300
Bolger Scholarship	22,651	49	100	-	22,600	100	100	-	22,600
Frye/Love Trust	6,061	12	1,151	844	5,766	-	-	-	5,766
Bostick-Steinmetz	13,140	420	500	-	13,060	499	500	-	13,059
Gallucci-Steinmetz	10,900	433	500	-	10,833	500	500	-	10,833
Pence Scholarship	103,939	233	895	-	103,277	533	650	-	103,160
PCCF Grant	400	-	400	-	-	5,000	2,432	-	2,568
TMMI Grant	258	-	-	-	258	-	219	-	39

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Martha Ogles Memorial	195	-	195	-	-	-	-	-	-
GE Star	-	500	-	-	500	-	489	-	11
Farm Bureau Foundation	-	250	250	-	-	-	-	-	-
Facility Donation	-	-	-	-	-	40,000	-	-	40,000
Tobacco Fund	1,750	500	1,999	-	251	-	-	-	251
PPG Grant	33	-	33	-	-	-	-	-	-
Historical Library	-	-	-	-	-	50	-	-	50
G/T High Ability FY 2014	1,990	-	1,990	-	-	34,502	31,947	-	2,555
High Ability 2013	-	35,450	34,133	-	1,317	-	1,317	-	-
Drug Free Communities	-	-	-	-	-	10,000	10,000	-	-
Non-English Speaking Programs P.L. 273-1999	199	1,037	1,236	-	-	727	727	-	-
School Technology	277,063	63,679	112,785	-	227,957	105,782	186,529	-	147,210
Senator David Ford Technology	-	1,660	1,600	-	60	-	7	-	53
PL 107-110 ECIA Title I FY2014	12,225	12,653	24,879	-	(1)	203,550	225,826	-	(22,277)
PL 107-110 ECIA Title I FY2013	-	218,810	247,280	-	(28,470)	64,846	36,376	-	-
PL 101-476 IDEA FY2013	-	519,931	575,057	-	(55,126)	406,983	370,381	-	(18,524)
PL 101-476 IDEA FY2012	(86,943)	430,674	367,986	-	(24,255)	114,649	90,394	-	-
PL 101-476 IDEA FY2011/FY2014	(260,679)	362,119	101,440	-	-	596,489	709,916	-	(113,427)
PL 99-457 Preschool Handicap FY2013	-	38,330	47,580	-	(9,250)	28,979	26,991	-	(7,262)
PL 99-457 Preschool Handicap FY2012	(52,413)	73,774	21,361	-	-	-	-	-	-
PL 99-457 Preschool Handicap FY2011/FY2014	(22,336)	26,019	3,682	-	1	46,498	52,345	-	(5,846)
Community Trans/Welborn	-	7,724	7,724	-	-	-	-	-	-
CTG/Welborn	-	-	-	-	-	6,545	6,545	-	-
Monsanto Fund	-	-	-	-	-	10,000	8,566	-	1,434
21st Century Learning Center	(28,072)	178,072	150,000	-	-	150,000	150,650	-	(650)
Improving Teaching Quality, No Child Left, Title II, Part A	(658)	98,083	99,391	-	(1,966)	96,274	98,139	-	(3,831)
Benson Frye Memorial	857	-	-	(844)	13	-	-	-	13
SS/HS (1,2,3)	-	790,268	790,268	-	-	-	-	-	-
SS/HS (4,5)	-	498,136	498,136	-	-	-	-	-	-
Education Jobs	(222,643)	233,978	-	(11,335)	-	-	-	-	-
Totals	\$ 14,616,973	\$ 30,526,371	\$ 30,325,626	\$ 8,613	\$ 14,826,331	\$ 30,539,374	\$ 30,386,649	\$ 5,221	\$ 14,984,277

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO FINANCIAL STATEMENT
(Continued)

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements were not received by June 30 of each fiscal year.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Mt. Vernon of Posey County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2013 and 2014 totaled \$2,236,000 and \$2,236,000, respectively.

OTHER INFORMATION - UNAUDITED

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

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

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,441,472	\$ 2,149,913	\$ 492,000	\$ 4,232,143	\$ 1,455,093	\$ 296,123	\$ 1,487,643	\$ 435,438	\$ 1,013,250
Receipts:									
Local sources	121,233	1,999,720	661,664	5,976,030	1,954,626	249,158	-	-	-
Intermediate sources	1,057	-	-	-	-	-	-	-	-
State sources	14,440,451	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	155,204	-	-	248	40,661	-	-	-	-
Total receipts	14,717,945	1,999,720	661,664	5,976,278	1,995,287	249,158	-	-	-
Disbursements:									
Current:									
Instruction	9,688,121	-	-	-	-	-	-	33,031	-
Support services	4,497,961	-	-	2,323,616	1,660,124	180,075	152,699	1,695	127,562
Noninstructional services	291,893	-	-	-	-	-	-	-	-
Facilities acquisition and construction	130	-	-	3,860,332	-	-	-	-	148,667
Debt services	-	2,236,000	699,260	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,478,105	2,236,000	699,260	6,183,948	1,660,124	180,075	152,699	34,726	276,229
Excess (deficiency) of receipts over disbursements	239,840	(236,280)	(37,596)	(207,670)	335,163	69,083	(152,699)	(34,726)	(276,229)
Other financing sources (uses):									
Sale of capital assets	8,613	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	611,335	-	-
Transfers out	-	(9,813)	-	(400,000)	(200,000)	-	-	-	-
Total other financing sources (uses)	8,613	(9,813)	-	(400,000)	(200,000)	-	611,335	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	248,453	(246,093)	(37,596)	(607,670)	135,163	69,083	458,636	(34,726)	(276,229)
Cash and investments - ending	\$ 2,689,925	\$ 1,903,820	\$ 454,404	\$ 3,624,473	\$ 1,590,256	\$ 365,206	\$ 1,946,279	\$ 400,712	\$ 737,021

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	United Way Grant	ETFCU Card	Alt Program Grant	Marrs Donation
Cash and investments - beginning	\$ 748,775	\$ 22,030	\$ -	\$ 1,308	\$ 33,785	\$ -	\$ -	\$ 11,939	\$ 16
Receipts:									
Local sources	647,816	127,327	-	-	-	-	-	-	-
Intermediate sources	-	-	-	356	-	-	-	-	-
State sources	10,969	58,262	-	-	7,981	-	-	-	-
Federal sources	453,270	-	-	-	-	-	-	-	-
Other	24,011	350	-	-	-	-	-	-	-
Total receipts	1,136,066	185,939	-	356	7,981	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	1,719	-	-	-	8
Support services	-	161,905	-	-	-	-	-	-	-
Noninstructional services	1,154,602	-	-	-	-	-	-	-	-
Facilities acquisition and construction	7,819	-	-	429	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	8
Total disbursements	1,162,421	161,905	-	429	1,719	-	-	-	16
Excess (deficiency) of receipts over disbursements	(26,355)	24,034	-	(73)	6,262	-	-	-	(16)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	9,813	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	9,813	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,355)	33,847	-	(73)	6,262	-	-	-	(16)
Cash and investments - ending	\$ 722,420	\$ 55,877	\$ -	\$ 1,235	\$ 40,047	\$ -	\$ -	\$ 11,939	\$ -

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	SINE - High Ability	SINE - Prof Dev	CFI Mini Grant	Vectren Grant	Energize Indiana Grant	Cultural Arts	Abell Scholarship	Bolger Scholarship	Frye/ Love Trust
Cash and investments - beginning	\$ 1,000	\$ 437	\$ 3,188	\$ -	\$ -	\$ 3,117	\$ 10,386	\$ 22,651	\$ 6,061
Receipts:									
Local sources	-	-	1,840	1,320	-	-	23	49	12
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,840	1,320	-	-	23	49	12
Disbursements:									
Current:									
Instruction	1,000	-	3,724	-	-	468	-	-	1,151
Support services	-	130	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	97	100	-
Total disbursements	1,000	130	3,724	-	-	468	97	100	1,151
Excess (deficiency) of receipts over disbursements	(1,000)	(130)	(1,884)	1,320	-	(468)	(74)	(51)	(1,139)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	844
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	844
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	(130)	(1,884)	1,320	-	(468)	(74)	(51)	(295)
Cash and investments - ending	\$ -	\$ 307	\$ 1,304	\$ 1,320	\$ -	\$ 2,649	\$ 10,312	\$ 22,600	\$ 5,766

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Bostick- Steinmetz	Gallucci- Steinmetz	Pence Scholarship	PCCF Grant	TMMI Grant	Martha Ogles Memorial	GE Star	Farm Bureau Foundation	Facility Donation
Cash and investments - beginning	\$ 13,140	\$ 10,900	\$ 103,939	\$ 400	\$ 258	\$ 195	\$ -	\$ -	\$ -
Receipts:									
Local sources	420	433	233	-	-	-	500	250	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	420	433	233	-	-	-	500	250	-
Disbursements:									
Current:									
Instruction	-	-	-	400	-	195	-	250	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	500	895	-	-	-	-	-	-
Total disbursements	500	500	895	400	-	195	-	250	-
Excess (deficiency) of receipts over disbursements	(80)	(67)	(662)	(400)	-	(195)	500	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(80)	(67)	(662)	(400)	-	(195)	500	-	-
Cash and investments - ending	\$ 13,060	\$ 10,833	\$ 103,277	\$ -	\$ 258	\$ -	\$ 500	\$ -	\$ -

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Tobacco Fund	PPG Grant	Historical Library	G/T High Ability FY2014	High Ability 2013	Drug Free Communities	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology
Cash and investments - beginning	\$ 1,750	\$ 33	\$ -	\$ 1,990	\$ -	\$ -	\$ 199	\$ 277,063	\$ -
Receipts:									
Local sources	500	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	35,450	-	1,037	57,280	1,660
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	6,399	-
Total receipts	500	-	-	-	35,450	-	1,037	63,679	1,660
Disbursements:									
Current:									
Instruction	1,999	33	-	1,990	34,133	-	1,236	-	1,600
Support services	-	-	-	-	-	-	-	106,386	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	6,399	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,999	33	-	1,990	34,133	-	1,236	112,785	1,600
Excess (deficiency) of receipts over disbursements	(1,499)	(33)	-	(1,990)	1,317	-	(199)	(49,106)	60
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,499)	(33)	-	(1,990)	1,317	-	(199)	(49,106)	60
Cash and investments - ending	\$ 251	\$ -	\$ -	\$ -	\$ 1,317	\$ -	\$ -	\$ 227,957	\$ 60

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	PL 107-110 ECIA Title I FY2014	PL 107-110 ECIA Title I FY2013	PL 101-476 IDEA FY2013	PL 101-476 IDEA FY2012	PL 101-476 IDEA FY2011/FY2014	PL 99-457 Preschool Handicap FY2013	PL 99-457 Preschool Handicap FY2012	PL 99-457 Preschool Handicap FY2011/FY2014	Community Trans/ Welborn
Cash and investments - beginning	\$ 12,225	\$ -	\$ -	\$ (86,943)	\$ (260,679)	\$ -	\$ (52,413)	\$ (22,336)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	12,653	218,810	519,931	430,674	362,119	38,330	73,774	26,019	7,724
Other	-	-	-	-	-	-	-	-	-
Total receipts	12,653	218,810	519,931	430,674	362,119	38,330	73,774	26,019	7,724
Disbursements:									
Current:									
Instruction	24,879	195,031	501,955	171,802	8,154	19,724	1,458	1,584	6,141
Support services	-	52,249	73,102	196,184	93,286	27,856	19,903	2,098	1,583
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,879	247,280	575,057	367,986	101,440	47,580	21,361	3,682	7,724
Excess (deficiency) of receipts over disbursements	(12,226)	(28,470)	(55,126)	62,688	260,679	(9,250)	52,413	22,337	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,226)	(28,470)	(55,126)	62,688	260,679	(9,250)	52,413	22,337	-
Cash and investments - ending	\$ (1)	\$ (28,470)	\$ (55,126)	\$ (24,255)	\$ -	\$ (9,250)	\$ -	\$ 1	\$ -

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	CTG/ Welborn	Monsanto Fund	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	Benson Frye Memorial	SS/ HS (1,2,3)	SS/ HS (4,5)	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (28,072)	\$ (658)	\$ 857	\$ -	\$ -	\$ (222,643)	\$ 14,616,973
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,743,154
Intermediate sources	-	-	-	-	-	-	-	-	1,413
State sources	-	-	-	-	-	-	-	-	14,613,090
Federal sources	-	-	178,072	98,083	-	790,268	498,136	233,978	3,941,841
Other	-	-	-	-	-	-	-	-	226,873
Total receipts	-	-	178,072	98,083	-	790,268	498,136	233,978	30,526,371
Disbursements:									
Current:									
Instruction	-	-	105,692	76,966	-	279,563	33,591	-	11,197,598
Support services	-	-	34,308	22,425	-	503,277	461,946	-	10,700,370
Noninstructional services	-	-	10,000	-	-	-	-	-	1,456,495
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,023,776
Debt services	-	-	-	-	-	-	-	-	2,935,260
Nonprogrammed charges	-	-	-	-	-	7,428	2,599	-	12,127
Total disbursements	-	-	150,000	99,391	-	790,268	498,136	-	30,325,626
Excess (deficiency) of receipts over disbursements	-	-	28,072	(1,308)	-	-	-	233,978	200,745
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	8,613
Transfers in	-	-	-	-	-	-	-	-	621,992
Transfers out	-	-	-	-	(844)	-	-	(11,335)	(621,992)
Total other financing sources (uses)	-	-	-	-	(844)	-	-	(11,335)	8,613
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	28,072	(1,308)	(844)	-	-	222,643	209,358
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,966)	\$ 13	\$ -	\$ -	\$ -	\$ 14,826,331

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,689,925	\$ 1,903,820	\$ 454,404	\$ 3,624,473	\$ 1,590,256	\$ 365,206	\$ 1,946,279	\$ 400,712	\$ 737,021
Receipts:									
Local sources	101,206	2,193,214	676,847	6,279,611	1,981,014	256,973	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	14,290,130	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	131,524	-	-	452	44,896	-	-	-	-
Total receipts	14,522,860	2,193,214	676,847	6,280,063	2,025,910	256,973	-	-	-
Disbursements:									
Current:									
Instruction	10,205,502	-	-	-	-	-	431,000	-	-
Support services	4,444,151	-	-	2,826,999	1,791,779	-	552,400	226	225,495
Noninstructional services	300,744	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,969,758	-	-	-	-	241,514
Debt services	-	2,236,000	698,956	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	14,950,397	2,236,000	698,956	4,796,757	1,791,779	-	983,400	226	467,009
Excess (deficiency) of receipts over disbursements	(427,537)	(42,786)	(22,109)	1,483,306	234,131	256,973	(983,400)	(226)	(467,009)
Other financing sources (uses):									
Sale of capital assets	3,885	-	-	1,336	-	-	-	-	-
Transfers in	-	-	-	-	-	-	800,000	-	-
Transfers out	(27,226)	-	-	(500,000)	(300,000)	-	-	(300,000)	-
Total other financing sources (uses)	(23,341)	-	-	(498,664)	(300,000)	-	800,000	(300,000)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(450,878)	(42,786)	(22,109)	984,642	(65,869)	256,973	(183,400)	(300,226)	(467,009)
Cash and investments - ending	\$ 2,239,047	\$ 1,861,034	\$ 432,295	\$ 4,609,115	\$ 1,524,387	\$ 622,179	\$ 1,762,879	\$ 100,486	\$ 270,012

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	Alternative Education	United Way Grant	ETFCU Card	Alt Program Grant	Marrs Donation
Cash and investments - beginning	\$ 722,420	\$ 55,877	\$ -	\$ 1,235	\$ 40,047	\$ -	\$ -	\$ 11,939	\$ -
Receipts:									
Local sources	649,900	129,257	-	-	-	51,000	187	-	-
Intermediate sources	-	-	-	375	-	-	-	-	-
State sources	10,215	64,294	-	-	7,457	-	-	-	-
Federal sources	488,592	-	-	-	-	-	-	-	-
Other	22,524	352	1,234,273	-	-	-	-	-	-
Total receipts	1,171,231	193,903	1,234,273	375	7,457	51,000	187	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	1,358	-	-	-	-
Support services	-	164,801	-	-	-	20,800	-	-	-
Noninstructional services	1,056,075	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,071	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	51,586	-	1,152,118	-	-	-	-	-	-
Total disbursements	1,107,661	164,801	1,152,118	1,071	1,358	20,800	-	-	-
Excess (deficiency) of receipts over disbursements	63,570	29,102	82,155	(696)	6,099	30,200	187	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	327,226	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	327,226	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,570	29,102	409,381	(696)	6,099	30,200	187	-	-
Cash and investments - ending	\$ 785,990	\$ 84,979	\$ 409,381	\$ 539	\$ 46,146	\$ 30,200	\$ 187	\$ 11,939	\$ -

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	SINE - High Ability	SINE - Prof Dev	CFI Mini Grant	Vectren Grant	Energize Indiana Grant	Cultural Arts	Abell Scholarship	Bolger Scholarship	Frye/ Love Trust
Cash and investments - beginning	\$ -	\$ 307	\$ 1,304	\$ 1,320	\$ -	\$ 2,649	\$ 10,312	\$ 22,600	\$ 5,766
Receipts:									
Local sources	-	-	2,181	-	100	246	48	100	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,181	-	100	246	48	100	-
Disbursements:									
Current:									
Instruction	-	-	1,802	908	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	60	100	-
Total disbursements	-	-	1,802	908	-	-	60	100	-
Excess (deficiency) of receipts over disbursements	-	-	379	(908)	100	246	(12)	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	379	(908)	100	246	(12)	-	-
Cash and investments - ending	\$ -	\$ 307	\$ 1,683	\$ 412	\$ 100	\$ 2,895	\$ 10,300	\$ 22,600	\$ 5,766

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Bostick- Steinmetz	Gallucci- Steinmetz	Pence Scholarship	PCCF Grant	TMMI Grant	Martha Ogles Memorial	GE Star	Farm Bureau Foundation	Facility Donation
Cash and investments - beginning	\$ 13,060	\$ 10,833	\$ 103,277	\$ -	\$ 258	\$ -	\$ 500	\$ -	\$ -
Receipts:									
Local sources	499	500	533	5,000	-	-	-	-	40,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	499	500	533	5,000	-	-	-	-	40,000
Disbursements:									
Current:									
Instruction	-	-	-	2,432	219	-	489	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	500	500	650	-	-	-	-	-	-
Total disbursements	500	500	650	2,432	219	-	489	-	-
Excess (deficiency) of receipts over disbursements	(1)	-	(117)	2,568	(219)	-	(489)	-	40,000
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1)	-	(117)	2,568	(219)	-	(489)	-	40,000
Cash and investments - ending	\$ 13,059	\$ 10,833	\$ 103,160	\$ 2,568	\$ 39	\$ -	\$ 11	\$ -	\$ 40,000

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Tobacco Fund	PPG Grant	Historical Library	G/T High Ability FY2014	High Ability 2013	Drug Free Communities	Non-English Speaking Programs P.L. 273-1999	School Technology	Senator David Ford Technology
Cash and investments - beginning	\$ 251	\$ -	\$ -	\$ -	\$ 1,317	\$ -	\$ -	\$ 227,957	\$ 60
Receipts:									
Local sources	-	-	50	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	10,000	-	-	-
State sources	-	-	-	34,502	-	-	727	105,132	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	650	-
Total receipts	-	-	50	34,502	-	10,000	727	105,782	-
Disbursements:									
Current:									
Instruction	-	-	-	31,947	1,317	-	727	-	7
Support services	-	-	-	-	-	10,000	-	184,879	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,650	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	31,947	1,317	10,000	727	186,529	7
Excess (deficiency) of receipts over disbursements	-	-	50	2,555	(1,317)	-	-	(80,747)	(7)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	50	2,555	(1,317)	-	-	(80,747)	(7)
Cash and investments - ending	\$ 251	\$ -	\$ 50	\$ 2,555	\$ -	\$ -	\$ -	\$ 147,210	\$ 53

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	PL 107-110 ECIA Title I FY2014	PL 107-110 ECIA Title I FY2013	PL 101-476 IDEA FY2013	PL 101-476 IDEA FY2012	PL 101-476 IDEA FY2011/FY2014	PL 99-457 Preschool Handicap FY2013	PL 99-457 Preschool Handicap FY2012	PL 99-457 Preschool Handicap FY2011/FY2014	Community Trans/ Welborn
Cash and investments - beginning	\$ (1)	\$ (28,470)	\$ (55,126)	\$ (24,255)	\$ -	\$ (9,250)	\$ -	\$ 1	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	203,550	64,846	406,983	114,649	596,489	28,979	-	46,498	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	203,550	64,846	406,983	114,649	596,489	28,979	-	46,498	-
Disbursements:									
Current:									
Instruction	172,347	27,928	181,857	8,207	561,023	-	-	25,256	-
Support services	53,479	8,448	188,524	82,187	148,893	26,991	-	27,089	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	225,826	36,376	370,381	90,394	709,916	26,991	-	52,345	-
Excess (deficiency) of receipts over disbursements	(22,276)	28,470	36,602	24,255	(113,427)	1,988	-	(5,847)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(22,276)	28,470	36,602	24,255	(113,427)	1,988	-	(5,847)	-
Cash and investments - ending	\$ (22,277)	\$ -	\$ (18,524)	\$ -	\$ (113,427)	\$ (7,262)	\$ -	\$ (5,846)	\$ -

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),
 AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	CTG/ Welborn	Monsanto Fund	21st Century Learning Center	Improving Teaching Quality, No Child Left, Title II, Part A	Benson Frye Memorial	SS/ HS (1,2,3)	SS/ HS (4,5)	Education Jobs	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,966)	\$ 13	\$ -	\$ -	\$ -	\$ 14,826,331
Receipts:									
Local sources	-	10,000	-	-	-	-	-	-	12,378,466
Intermediate sources	-	-	-	-	-	-	-	-	10,375
State sources	-	-	-	-	-	-	-	-	14,512,457
Federal sources	6,545	-	150,000	96,274	-	-	-	-	2,203,405
Other	-	-	-	-	-	-	-	-	1,434,671
Total receipts	6,545	10,000	150,000	96,274	-	-	-	-	30,539,374
Disbursements:									
Current:									
Instruction	5,000	8,566	105,875	73,573	-	-	-	-	11,847,340
Support services	1,545	-	34,775	24,566	-	-	-	-	10,818,027
Noninstructional services	-	-	10,000	-	-	-	-	-	1,366,819
Facilities acquisition and construction	-	-	-	-	-	-	-	-	2,213,993
Debt services	-	-	-	-	-	-	-	-	2,934,956
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,205,514
Total disbursements	6,545	8,566	150,650	98,139	-	-	-	-	30,386,649
Excess (deficiency) of receipts over disbursements	-	1,434	(650)	(1,865)	-	-	-	-	152,725
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	5,221
Transfers in	-	-	-	-	-	-	-	-	1,127,226
Transfers out	-	-	-	-	-	-	-	-	(1,127,226)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	5,221
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,434	(650)	(1,865)	-	-	-	-	157,946
Cash and investments - ending	\$ -	\$ 1,434	\$ (650)	\$ (3,831)	\$ 13	\$ -	\$ -	\$ -	\$ 14,984,277

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 336,267</u>	<u>\$ 1,343,284</u>

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Mt. Vernon of Posey County Multi-School Building Corporation	Lease rental payments for Farmersville and West Elementary Schools Remodeling Projects	\$ 2,236,000	1/15/2008	1/15/2019
Total of annual lease payments		<u>\$ 2,236,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	School Severance Bonds		\$ 1,668,985	\$ 696,335
Totals			<u>\$ 1,668,985</u>	<u>\$ 696,335</u>

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METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	Ending Balance
Governmental activities:	
Land	\$ 567,521
Buildings	52,431,337
Machinery, equipment, and vehicles	<u>3,743,783</u>
Total governmental activities	<u>56,742,641</u>
Total capital assets	<u><u>\$ 56,742,641</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL
DISTRICT OF MT. VERNON, POSEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001, 2014-002, and 2014-003. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

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


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

July 1, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 13 65-6590 FY 14 65-6590	\$ 95,500 -	\$ - 99,578
National School Lunch Program	Indiana Department of Education	10.555	FY 13 65-6590	3,901	-
After School Snack Program			FY 14 65-6590	-	3,432
School Lunch Program			FY 13 65-6590 FY 14 65-6590	415,406 -	- 441,423
Total - National School Lunch Program				419,307	444,855
Total - Child Nutrition Cluster				514,807	544,433
Total - U.S. Department of Agriculture				514,807	544,433
<u>U.S. Department of Education</u>					
Title, I Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	Project 12-6590 FY12 Project 13-6590 FY13 Project 14-6590 FY14	12,653 218,810 -	- 64,846 203,550
Total - Title I, Part A Cluster				231,463	268,396
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14211-027-PN-01 14212-085-PN-01 14213-085-PN-01 14214-085-PN-01	224,514 232,800 291,231 -	- 74,452 216,459 326,048
Total - Special Education_Grants to States				748,545	616,959
Special Education_Preschool Grants	Indiana Department of Education	84.173	45711-085-PN-01 45712-085-PN-01 45713-085-PN-01 45714-085-PN-01	26,019 44,332 18,606 -	- - 28,979 21,442
Total - Special Education_Preschool Grants				88,957	50,421
Total - Special Education Cluster (IDEA)				837,502	667,380

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Education (continued)</u>					
Safe and Drug-Free Schools and Communities_National Programs	Direct Grant	84.184	Q184L080320	1,288,404	-
Twenty-First Century Community Learning Centers	Indiana Department of Education	84.287	EDS A58-0-10DL-114	178,072	150,000
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	Project 10-6590 Project 11-6590 Project 12-6590 Project 13-6590	2,235 91,987 3,861 -	- - 88,165 8,109
Total - Improving Teacher Quality State Grants				98,083	96,274
Education Jobs Fund	Indiana Department of Education	84.410	FY 2013	233,978	-
Total - U.S. Department of Education				2,867,502	1,182,050
<u>U.S. Department of Health and Human Services</u>					
PPHF: Community Transformation Grants - Small Communities Program financed solely by - Public Prevention and Health Funds Community Trans/Welborn	Welborn Baptist Foundation	93.737	1H75DP004375-01	7,724	6,545
Total - U.S. Department of Health and Human Services				7,724	6,545
Total federal awards expended				\$ 3,390,033	\$ 1,733,028

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

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	<u>\$ 61,537</u>	<u>\$ 55,840</u>

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	Special Education Cluster (IDEA)
84.184	Safe and Drug-Free Schools and - Communities_National Programs
84.287	Twenty-First Century Community Learning Centers

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

Auditee qualified as low-risk auditee?	yes
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Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

***FINDING 2014-001 - SPECIAL TESTS AND PROVISIONS - PARTICIPATION
OF PRIVATE SCHOOL CHILDREN***

Federal Agency: U.S. Department of Education

Federal Program: Twenty-First Century Community Learning Centers

CFDA Number: 84.287

Federal Award Number and Year: EDS A58-0-10DL-114, 2012-2013 and 2013-2014

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system over compliance with Special Tests and Provisions - Participation of Private School Children. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

As required by the program, the School Corporation did not conduct consultations with private school officials to determine the kind of educational services to provide to eligible private children regarding the Twenty-First Century Community Learning Centers program.

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

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

20 USC, Section 7881(c)(1) states in part:

"To ensure timely and meaningful consultation, a State educational agency, local educational agency, educational service agency, consortium of those agencies, or entity shall consult with appropriate private school officials during the design and development of the programs under this chapter, on issues such as—

(A) how the children's needs will be identified;

(B) what services will be offered;

(C) how, where, and by whom the services will be provided;

(D) how the services will be assessed and how the results of the assessment will be used to improve those services;

(E) the size and scope of the equitable services to be provided to the eligible private school children, teachers, and other educational personnel and the amount of funds available for those services; and

(F) how and when the agency, consortium, or entity will make decisions about the delivery of services, including a thorough consideration and analysis of the views of the private school officials on the provision of contract services through potential third-party providers."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with and that they conduct consultations with private school officials to ensure private school children receive any educational services needed.

FINDING 2014-002 - PERIOD OF AVAILABILITY

Federal Agency: U.S. Department of Education
Federal Program: Twenty- First Century Community Learning Centers
CFDA Number: 84.287
Federal Award Number and Year: EDS A58-0-10DL-114, 2012-2013
Pass-Through Entity: Indiana Department of Education

The School Corporation was in noncompliance over the Period of Availability compliance requirements. The School Corporation did not ensure that all obligations for expenditures made from program funds were incurred during the period of availability. The grant expenditures were required to be encumbered by September 30. The School Corporation purchased iTunes gift cards which were redeemed to the iTunes account, but no purchases of apps were charged to the account during the period of availability.

The expenditures of program funds which were not obligated during the period of availability totaled \$2,900. These expenditures are considered questioned costs.

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

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

34 CFR 80.23(a) states:

"Where a funding period is specified, a grantee may charge to the award only costs resulting from obligations of the funding period unless carryover of unobligated balances is permitted, in which case the carryover balances may be charged for costs resulting from obligations of the subsequent funding period."

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

We recommended that the School Corporation develop controls and procedures to ensure grant funds are only disbursed for obligations within the appropriate period of availability. All purchasing individuals should be made aware of each grant's period of availability and the definition of obligation. If an extension of the grant is needed it should be requested prior to the end of the grant period.

FINDING 2014-003 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: U.S. Department of Education
Federal Program: Safe and Drug-Free Schools and Communities_National Programs
CFDA Number: 84.184
Federal Award Number and Year: Q184L080320, 2012-2013

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Procurement and Suspension and Debarment. The School Corporation failed to identify if contractors were listed on the suspension and debarment list.

The failure to establish an effective internal control system places the school at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

2 CFR 180.300 states:

"What must I do before I enter into a covered transaction with another person at the next lower tier?

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

You do this by:

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

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

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

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

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

AUDITEE PREPARED DOCUMENT

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

Dr. Thomas P. Kopatich
Superintendent

METROPOLITAN SCHOOL DISTRICT OF MT. VERNON
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TELEPHONE 812-838-4471 FAX 812-833-5179
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CORRECTIVE ACTION PLAN
Indiana State Board of Accounts Audit
July 1, 2012 – June 30, 2014

FINDING 2014-001 - SPECIAL TESTS AND PROVISION PARTICIPATION OF PRIVATE SCHOOL CHILDREN

Contact Person: Loren E. Evans
Title: Director of Business and Technology
Phone Number: 812-833-5122

Anticipated Completion Date: October 1, 2015

Additional controls will be developed and implemented to ensure that all grant requirements are complied with, and consultations with private school officials will take place at the start of each federal grant year to provide timely and meaningful dialog regarding the educational needs of private school children who reside in the participating public school attendance area. Applicable compliance supplements for each specific federal grant program will be reviewed annually by the federal program director and a checklist of grant-specific requirements will be prepared by the federal program director and provided to the Superintendent or designee for review.

FINDING 2014-002 - Period of Availability

Contact Person: Loren E. Evans
Title: Director of Business and Technology
Phone Number: 812-833-5122

Anticipated Completion Date: October 1, 2015

Funds from Twenty First Century Community Learning Centers grant that were redeemed to the iTunes account will be fully expended on applications and downloaded to tablets for use in the 21st CCLC program for Fall 2015. Existing Apple Volume Purchasing Program (VPP) internal control procedures will be updated to require downloading of software within the grant's period of availability. In addition, the MSD of Mt. Vernon will develop additional procedures to ensure that federal grant funds are only disbursed for obligations within the grant's designated period of availability. At the start of each new federal grant period, all purchasing individuals will be notified of each specific federal grant's period of availability by the federal program director along with the requirements for obligation and expenditure of grant funds.

FINDING 2014-003 - PROCUREMENT, SUSPENSION AND DEBARMENT

Contact Person: Loren E. Evans
Title: Director of Business and Technology
Phone Number: 812-833-5122

Anticipated Completion Date: October 1, 2015

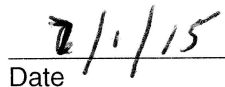
MSD of Mt. Vernon will develop and implement additional internal controls to ensure that proper procurement procedures are followed regarding Suspension and Debarment as stipulated by the applicable Federal Agency. A segregation of duties will be created relating to contract procurement and contract approval to ensure that federal program contracts are allowable and proper before they are signed. Applicable compliance supplements for each specific federal grant program will be reviewed annually by the federal program director and a checklist of grant-specific requirements will be prepared by the federal program director and provided to the Superintendent or designee for review.



Signature



Title



Date

OTHER REPORT

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