

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MOUNT VERNON COMMUNITY
SCHOOL CORPORATION
HANCOCK COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
02/08/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Beverly Reasor Daniel R. Kramer	07-01-12 to 07-31-12 08-01-12 to 12-31-13
Business Manager/Treasurer	Brian F. Tomamichel	01-01-14 to 06-30-17
Superintendent of Schools	Dr. William J. Riggs Dr. William S. Robbins	07-01-12 to 06-30-15 07-01-15 to 06-30-17
President of the School Board	Shelton Oakes Vernée J. Eads Michael S. McCarty	07-01-12 to 12-31-12 01-01-13 to 06-30-14 07-01-14 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Mount Vernon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 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 and Schedule of Leases and Debt, 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 December 21, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

December 21, 2016



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK 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 Mount Vernon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated December 21, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

Mount Vernon Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 21, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-12	Receipts	Disbursements		06-30-13	Receipts	Disbursements		
General	\$ (2,642,293)	\$ 19,965,600	\$ 21,578,808	\$ -	\$ (4,255,501)	\$ 20,674,029	\$ 20,049,442	\$ -	\$ (3,630,914)
Debt Service	3,447,496	17,589,763	16,056,827	(2,063,112)	2,917,320	10,800,723	9,378,489	(1,430,000)	2,909,554
Retirement/Severance Bond Debt Service	53,524	527,013	259,135	-	321,402	403,677	500,124	1,188	226,143
Capital Projects	(256,679)	2,564,494	1,825,740	1,966,623	2,448,698	2,256,505	1,738,458	(970,000)	1,996,745
School Transportation	(106,472)	1,164,948	322,851	(563,511)	172,114	1,230,634	1,246,928	-	155,820
School Bus Replacement	25,506	127,554	19,834	660,000	793,226	304,353	198,438	-	899,141
Rainy Day	20,379	-	-	-	20,379	-	-	2,400,000	2,420,379
Retirement/Severance Bond	2,845,081	-	314,983	-	2,530,098	-	372,109	-	2,157,989
Construction	20,925	138	4,033	-	17,030	-	2,000	-	15,030
School Lunch	282,455	1,538,661	1,383,188	-	437,928	1,524,961	1,424,665	-	538,224
Textbook Rental	34,401	388,589	388,207	-	34,783	378,209	493,052	-	(80,060)
Self-Insurance	51,310	4,639,382	4,513,971	-	176,721	4,811,444	4,316,874	-	671,291
Educational License Plates	4,608	506	-	-	5,114	394	-	-	5,508
Save Our Staff	10,025	-	3,133	-	6,892	-	-	-	6,892
Harvest Church Donation	475	-	-	-	475	-	-	-	475
Coca Cola Donation	11,504	21,297	16,085	-	16,716	15,893	29,071	-	3,538
Donation HRH Grant	-	-	-	-	-	-	881	-	(881)
Rotary & Realtors Donation	998	-	463	-	535	-	-	-	535
MCE PTO Donation	3,058	-	30,138	-	(27,080)	-	31,284	-	(58,364)
Summer School Elem PTO Donation	1,593	-	-	-	1,593	-	-	-	1,593
Covance Labs Donation	1,000	-	-	-	1,000	-	-	-	1,000
HCCF-HS Hollenbaugh Mem 2012	-	(300)	(300)	-	-	-	-	-	-
MV Ed Foundation Education Grants	(1,682)	300	938	-	(2,320)	-	-	-	(2,320)
MVEF Director	3,049	-	19,314	-	(16,265)	14,382	22,089	-	(23,972)
HCCF-MVHS Library 2012 Donation	78	-	-	-	78	-	-	-	78
Extra-Curricular Activities	2,764	2,234	453	-	4,545	3,525	835	-	7,235
Pay to Participate	(6,678)	183,928	290,257	-	(113,007)	185,567	296,488	-	(223,928)
Accident Insurance	23,897	-	-	-	23,897	-	-	-	23,897
Gifted and Talented 2010-11	-	-	31	-	(31)	-	-	-	(31)
Gifted and Talented 2011-12	7,267	-	7,787	-	(520)	-	(520)	-	-
G/T 2012-2013 (High Ability)	-	38,583	17,348	-	21,235	-	21,854	-	(619)
G/T - FY14	-	-	-	-	-	37,666	25,003	-	12,663
Secured School Safety Grant	-	-	-	-	-	-	20,752	-	(20,752)
Non-English Speaking Programs P.L. 273-1999	3,510	3,078	-	-	6,588	-	-	-	6,588
LEP-(ESL) form ECESC	930	-	-	-	930	-	-	-	930
State Connectivity 2010-11	(1,988)	-	11,940	-	(13,928)	-	-	-	(13,928)
Performance Based Awards	-	-	-	-	-	9,697	9,697	-	-
Technology Planning Grant	34,335	23,004	14,082	-	43,257	31,649	65,989	-	8,917
Miscellaneous Programs	-	-	110	-	(110)	-	60	-	(170)
Indiana Literacy Early Inter	-	-	-	-	-	10,000	10,000	-	-
Title I FY11	-	-	76	-	(76)	-	-	-	(76)
Title I FY12	1,651	73,348	175,104	-	(100,105)	(52,302)	22,566	-	(174,973)
Title I FY13	-	53,992	8,169	-	45,823	97,387	662	-	142,548
Title I FY14	-	-	-	-	-	211,875	235,088	-	(23,213)
Improving Teaching Quality, No Child Left, Title II, Part A	(57)	20,304	11,330	(8,917)	-	-	-	-	-
Title II - Part A; FY11 (2011-12)	-	-	3,483	8,917	5,434	-	4,204	-	1,230
Title II - Part A; FY12 (2012-13)	-	-	24,123	-	(24,123)	54,218	32,599	-	(2,504)
Title II - Part A; FY13 (2013-14)	-	-	-	-	-	-	2,777	-	(2,777)
Title II, Part D Tech. Ed. '10	9,937	-	4,128	-	5,809	-	-	-	5,809
Fiscal Stabilization - Education	-	12,845	-	-	12,845	-	-	-	12,845
Special Education - Part B	-	-	286,937	-	(286,937)	-	(286,937)	-	-
Payroll Withholding	94,158	4,116,995	4,126,521	-	84,632	4,318,852	4,242,017	-	161,467
Totals	\$ 3,980,065	\$ 53,056,256	\$ 51,719,227	\$ -	\$ 5,317,094	\$ 47,323,338	\$ 44,507,038	\$ 1,188	\$ 8,134,582

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

Instruction, 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.

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other Financing Sources and Uses

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of federal reimbursements, loan proceeds, and debt payments posted to incorrect funds and corrected at a later date.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The General fund's cash balance decreased from July 1, 2012 to June 30, 2013, due to the lack of budget cuts to offset the decrease in funding from the state. From July 1, 2013 to June 30, 2014, the deficit was decreased by \$800,000 due to the cost cutting and a slight increase in state funding. In May 2014, Mount Vernon Community School Corporation passed an Operating Referendum for \$0.11 for the next three years to be used to alleviate the deficit. This referendum is projected to net an extra \$1,000,000 annually for the School Corporation.

The Textbook Rental fund is currently running in the negative because funds were spent prior to collections actually occurring. When students did not pay, classroom budgets were not appropriately cut to offset the difference.

The MVEF Director fund is in the negative because Mount Vernon bills the Education Foundation back for the salary of their director. Mount Vernon has made an effort to do this in a timelier manner moving forward.

With the change of Federal Grant funds to reimbursement only after an expense has occurred many of the federal grant funds will run with a cash balance deficit from time to time. To help offset this issue, reimbursement claims are made in a timely manner to limit the magnitude of negative balances. Mount Vernon will continue to work on making reimbursement request in a more timely manner to manage balances.

Prior grants had some expenses put into the wrong fund and need to be adjusted. Adjustments will be made prior to the year end 2016 and any remaining negative balances will be adjusted with the General fund.

The MCE PTO Donation fund is reimbursed by MCE PTO at the end of every school year. The fund, while currently showing negative, will be reconciled prior to June 1, 2017. The Donation HRH Grant fund was overdrawn and will be reconciled with the General fund.

The Pay to Participate fund will be reconciled prior to year end 2016 in order to remove the negative balance. MVEF Grants are reimbursed through the Mount Vernon Education Foundation and will be reconciled to zero prior to July 1, 2017.

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with Mt. Vernon CSC School Building Corporation of Hancock County (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 \$5,393,000 and \$5,318,000, respectively.

The School Corporation has entered into capital leases with Mt. Vernon of Hancock 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 \$5,690,499 and \$5,303,500, respectively.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: a maximum amount of \$37,500 of transition funding and a \$7,200 annual credit towards health, dental, vision, and life insurances. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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 School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ (2,642,293)	\$ 3,447,496	\$ 53,524	\$ (256,679)	\$ (106,472)	\$ 25,506	\$ 20,379	\$ 2,845,081
Receipts:								
Local sources	495,312	12,869,763	527,013	2,232,660	1,134,948	127,554	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	19,470,288	-	-	131,834	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	4,720,000	-	200,000	30,000	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>19,965,600</u>	<u>17,589,763</u>	<u>527,013</u>	<u>2,564,494</u>	<u>1,164,948</u>	<u>127,554</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	14,374,081	-	-	-	-	-	-	309,983
Support services	4,472,323	215,836	10,526	1,279,070	1,179,723	19,834	-	-
Noninstructional services	479	-	-	-	-	-	-	-
Facilities acquisition and construction	42	-	-	546,670	26,639	-	-	-
Debt services	2,700,000	15,840,991	248,609	-	(883,511)	-	-	-
Nonprogrammed charges	31,883	-	-	-	-	-	-	5,000
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>21,578,808</u>	<u>16,056,827</u>	<u>259,135</u>	<u>1,825,740</u>	<u>322,851</u>	<u>19,834</u>	<u>-</u>	<u>314,983</u>
Excess (deficiency) of receipts over disbursements	<u>(1,613,208)</u>	<u>1,532,936</u>	<u>267,878</u>	<u>738,754</u>	<u>842,097</u>	<u>107,720</u>	<u>-</u>	<u>(314,983)</u>
Other financing sources (uses):								
Transfers in	-	1,113,511	-	2,166,623	550,000	660,000	-	-
Transfers out	-	(3,176,623)	-	(200,000)	(1,113,511)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(2,063,112)</u>	<u>-</u>	<u>1,966,623</u>	<u>(563,511)</u>	<u>660,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,613,208)</u>	<u>(530,176)</u>	<u>267,878</u>	<u>2,705,377</u>	<u>278,586</u>	<u>767,720</u>	<u>-</u>	<u>(314,983)</u>
Cash and investments - ending	<u>\$ (4,255,501)</u>	<u>\$ 2,917,320</u>	<u>\$ 321,402</u>	<u>\$ 2,448,698</u>	<u>\$ 172,114</u>	<u>\$ 793,226</u>	<u>\$ 20,379</u>	<u>\$ 2,530,098</u>

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

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Save Our Staff	Harvest Church Donation	Coca Cola Donation
Cash and investments - beginning	\$ 20,925	\$ 282,455	\$ 34,401	\$ 51,310	\$ 4,608	\$ 10,025	\$ 475	\$ 11,504
Receipts:								
Local sources	138	1,050,135	322,939	4,013,646	-	-	-	21,297
Intermediate sources	-	-	-	-	506	-	-	-
State sources	-	-	65,650	-	-	-	-	-
Federal sources	-	488,356	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	170	-	625,736	-	-	-	-
Total receipts	138	1,538,661	388,589	4,639,382	506	-	-	21,297
Disbursements:								
Instruction	-	-	-	-	-	3,133	-	-
Support services	-	12,800	388,207	2,278	-	-	-	16,085
Noninstructional services	-	1,370,388	-	-	-	-	-	-
Facilities acquisition and construction	4,033	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	4,511,693	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	4,033	1,383,188	388,207	4,513,971	-	3,133	-	16,085
Excess (deficiency) of receipts over disbursements	(3,895)	155,473	382	125,411	506	(3,133)	-	5,212
Other financing sources (uses):								
Transfers in	-	200,000	-	-	-	-	-	-
Transfers out	-	(200,000)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,895)	155,473	382	125,411	506	(3,133)	-	5,212
Cash and investments - ending	\$ 17,030	\$ 437,928	\$ 34,783	\$ 176,721	\$ 5,114	\$ 6,892	\$ 475	\$ 16,716

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

	Donation HRH Grant	Rotary & Realtors Donation	MCE PTO Donation	Summer School Elem PTO Donation	Covance Labs Donation	HCCF-HS Hollenbaugh Mem 2012	MV Ed Foundation Education Grants	MVEF Director
Cash and investments - beginning	\$ -	\$ 998	\$ 3,058	\$ 1,593	\$ 1,000	\$ -	\$ (1,682)	\$ 3,049
Receipts:								
Local sources	-	-	-	-	-	(300)	300	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	(300)	300	-
Disbursements:								
Instruction	-	-	30,138	-	-	(300)	938	-
Support services	-	463	-	-	-	-	-	19,314
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	463	30,138	-	-	(300)	938	19,314
Excess (deficiency) of receipts over disbursements	-	(463)	(30,138)	-	-	-	(638)	(19,314)
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	-	(463)	(30,138)	-	-	-	(638)	(19,314)
Cash and investments - ending	\$ -	\$ 535	\$ (27,080)	\$ 1,593	\$ 1,000	\$ -	\$ (2,320)	\$ (16,265)

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

	HCCF-MVHS Library 2012 Donation	Extra- Curricular Activities	Pay to Participate	Accident Insurance	Gifted and Talented 2010-11	Gifted and Talented 2011-12	G/T 2012-2013 (High Ability)	G/T - FY14
Cash and investments - beginning	\$ 78	\$ 2,764	\$ (6,678)	\$ 23,897	\$ -	\$ 7,267	\$ -	\$ -
Receipts:								
Local sources	-	2,234	183,928	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	38,583	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	2,234	183,928	-	-	-	38,583	-
Disbursements:								
Instruction	-	-	-	-	31	7,787	17,348	-
Support services	-	453	100	-	-	-	-	-
Noninstructional services	-	-	290,157	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	453	290,257	-	31	7,787	17,348	-
Excess (deficiency) of receipts over disbursements	-	1,781	(106,329)	-	(31)	(7,787)	21,235	-
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	-	1,781	(106,329)	-	(31)	(7,787)	21,235	-
Cash and investments - ending	\$ 78	\$ 4,545	\$ (113,007)	\$ 23,897	\$ (31)	\$ (520)	\$ 21,235	\$ -

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

	Secured School Safety Grant	Non-English Speaking Programs P.L. 273-1999	LEP-(ESL) from ECESC	State Connectivity 2010-11	Performance Based Awards	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 3,510	\$ 930	\$ (1,988)	\$ -	\$ 34,335	\$ -
Receipts:							
Local sources	-	250	-	-	-	23,004	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	2,828	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>3,078</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,004</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	-	-	-	110
Support services	-	-	-	11,940	-	14,082	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,940</u>	<u>-</u>	<u>14,082</u>	<u>110</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>3,078</u>	<u>-</u>	<u>(11,940)</u>	<u>-</u>	<u>8,922</u>	<u>(110)</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>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>3,078</u>	<u>-</u>	<u>(11,940)</u>	<u>-</u>	<u>8,922</u>	<u>(110)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 6,588</u>	<u>\$ 930</u>	<u>\$ (13,928)</u>	<u>\$ -</u>	<u>\$ 43,257</u>	<u>\$ (110)</u>

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

	Indiana Literacy Early Inter	Title I FY11	Title I FY12	Title I FY13	Title I FY14	Improving Teaching Quality, No Child Left, Title II, Part A	Title II - Part A; FY11 (2011-12)
Cash and investments - beginning	\$ -	\$ -	\$ 1,651	\$ -	\$ -	\$ (57)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	73,348	53,992	-	20,304	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	73,348	53,992	-	20,304	-
Disbursements:							
Instruction	-	76	158,558	7,944	-	11,230	3,483
Support services	-	-	9,816	225	-	100	-
Noninstructional services	-	-	6,730	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	76	175,104	8,169	-	11,330	3,483
Excess (deficiency) of receipts over disbursements	-	(76)	(101,756)	45,823	-	8,974	(3,483)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	8,917
Transfers out	-	-	-	-	-	(8,917)	-
Total other financing sources (uses)	-	-	-	-	-	(8,917)	8,917
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(76)	(101,756)	45,823	-	57	5,434
Cash and investments - ending	\$ -	\$ (76)	\$ (100,105)	\$ 45,823	\$ -	\$ -	\$ 5,434

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

	Title II - Part A; FY12 (2012-13)	Title II - Part A; FY13 (2013-14)	Title II, Part D Tech. Ed. '10	Fiscal Stabilization - Education	Special Education - Part B	Payroll Withholding	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 9,937	\$ -	\$ -	\$ 94,158	\$ 3,980,065
Receipts:							
Local sources	-	-	-	-	-	-	23,004,821
Intermediate sources	-	-	-	-	-	-	506
State sources	-	-	-	-	-	-	19,709,183
Federal sources	-	-	-	12,845	-	-	648,845
Temporary loans	-	-	-	-	-	-	4,950,000
Other receipts	-	-	-	-	-	4,116,995	4,742,901
Total receipts	-	-	-	12,845	-	4,116,995	53,056,256
Disbursements:							
Instruction	23,123	-	-	-	286,937	-	15,234,600
Support services	1,000	-	4,128	-	-	-	7,658,303
Noninstructional services	-	-	-	-	-	-	1,667,754
Facilities acquisition and construction	-	-	-	-	-	-	577,384
Debt services	-	-	-	-	-	-	17,906,089
Nonprogrammed charges	-	-	-	-	-	-	4,548,576
Interfund loans	-	-	-	-	-	4,126,521	4,126,521
Total disbursements	24,123	-	4,128	-	286,937	4,126,521	51,719,227
Excess (deficiency) of receipts over disbursements	(24,123)	-	(4,128)	12,845	(286,937)	(9,526)	1,337,029
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	4,699,051
Transfers out	-	-	-	-	-	-	(4,699,051)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,123)	-	(4,128)	12,845	(286,937)	(9,526)	1,337,029
Cash and investments - ending	\$ (24,123)	\$ -	\$ 5,809	\$ 12,845	\$ (286,937)	\$ 84,632	\$ 5,317,094

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ (4,255,501)	\$ 2,917,320	\$ 321,402	\$ 2,448,698	\$ 172,114	\$ 793,226	\$ 20,379	\$ 2,530,098
Receipts:								
Local sources	345,036	10,800,723	403,677	2,256,505	1,227,046	304,353	-	-
Intermediate sources	8,653	-	-	-	-	-	-	-
State sources	20,320,340	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	3,588	-	-	-
Total receipts	20,674,029	10,800,723	403,677	2,256,505	1,230,634	304,353	-	-
Disbursements:								
Instruction	15,408,901	-	-	-	-	-	-	363,763
Support services	4,536,019	-	-	1,199,961	1,243,240	198,438	-	-
Noninstructional services	4,677	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	538,497	3,688	-	-	-
Debt services	-	9,378,489	500,124	-	-	-	-	-
Nonprogrammed charges	99,845	-	-	-	-	-	-	8,346
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	20,049,442	9,378,489	500,124	1,738,458	1,246,928	198,438	-	372,109
Excess (deficiency) of receipts over disbursements	624,587	1,422,234	(96,447)	518,047	(16,294)	105,915	-	(372,109)
Other financing sources (uses):								
Sale of capital assets	-	-	1,188	-	-	-	-	-
Transfers in	-	-	-	430,000	-	-	2,400,000	-
Transfers out	-	(1,430,000)	-	(1,400,000)	-	-	-	-
Total other financing sources (uses)	-	(1,430,000)	1,188	(970,000)	-	-	2,400,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	624,587	(7,766)	(95,259)	(451,953)	(16,294)	105,915	2,400,000	(372,109)
Cash and investments - ending	\$ (3,630,914)	\$ 2,909,554	\$ 226,143	\$ 1,996,745	\$ 155,820	\$ 899,141	\$ 2,420,379	\$ 2,157,989

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

	Construction	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	Save Our Staff	Harvest Church Donation	Coca Cola Donation
Cash and investments - beginning	\$ 17,030	\$ 437,928	\$ 34,783	\$ 176,721	\$ 5,114	\$ 6,892	\$ 475	\$ 16,716
Receipts:								
Local sources	-	1,032,298	310,711	3,842,835	-	-	-	15,893
Intermediate sources	-	-	-	-	394	-	-	-
State sources	-	21,815	67,498	-	-	-	-	-
Federal sources	-	470,748	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	100	-	968,609	-	-	-	-
Total receipts	-	1,524,961	378,209	4,811,444	394	-	-	15,893
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	15,846	493,052	77	-	-	-	29,071
Noninstructional services	-	1,408,819	-	-	-	-	-	-
Facilities acquisition and construction	2,000	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	4,316,797	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	2,000	1,424,665	493,052	4,316,874	-	-	-	29,071
Excess (deficiency) of receipts over disbursements	(2,000)	100,296	(114,843)	494,570	394	-	-	(13,178)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	200,000	170,000	-	-	-	-	-
Transfers out	-	(200,000)	(170,000)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,000)	100,296	(114,843)	494,570	394	-	-	(13,178)
Cash and investments - ending	\$ 15,030	\$ 538,224	\$ (80,060)	\$ 671,291	\$ 5,508	\$ 6,892	\$ 475	\$ 3,538

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

	Donation HRH Grant	Rotary & Realtors Donation	MCE PTO Donation	Summer School Elem PTO Donation	Covance Labs Donation	HCCF-HS Hollenbaugh Mem 2012	MV Ed Foundation Education Grants	MVEF Director
Cash and investments - beginning	\$ -	\$ 535	\$ (27,080)	\$ 1,593	\$ 1,000	\$ -	\$ (2,320)	\$ (16,265)
Receipts:								
Local sources	-	-	-	-	-	-	-	14,382
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	14,382
Disbursements:								
Instruction	-	-	31,284	-	-	-	-	-
Support services	881	-	-	-	-	-	-	22,089
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	881	-	31,284	-	-	-	-	22,089
Excess (deficiency) of receipts over disbursements	(881)	-	(31,284)	-	-	-	-	(7,707)
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	(881)	-	(31,284)	-	-	-	-	(7,707)
Cash and investments - ending	\$ (881)	\$ 535	\$ (58,364)	\$ 1,593	\$ 1,000	\$ -	\$ (2,320)	\$ (23,972)

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

	HCCF-MVHS Library 2012 Donation	Extra- Curricular Activities	Pay to Participate	Accident Insurance	Gifted and Talented 2010-11	Gifted and Talented 2011-12	G/T 2012-2013 (High Ability)	G/T - FY14
Cash and investments - beginning	\$ 78	\$ 4,545	\$ (113,007)	\$ 23,897	\$ (31)	\$ (520)	\$ 21,235	\$ -
Receipts:								
Local sources	-	3,525	185,567	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	37,666
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,525	185,567	-	-	-	-	37,666
Disbursements:								
Instruction	-	-	-	-	-	(520)	21,854	25,003
Support services	-	835	675	-	-	-	-	-
Noninstructional services	-	-	295,813	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	835	296,488	-	-	(520)	21,854	25,003
Excess (deficiency) of receipts over disbursements	-	2,690	(110,921)	-	-	520	(21,854)	12,663
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,690	(110,921)	-	-	520	(21,854)	12,663
Cash and investments - ending	\$ 78	\$ 7,235	\$ (223,928)	\$ 23,897	\$ (31)	\$ -	\$ (619)	\$ 12,663

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

	Secured School Safety Grant	Non-English Speaking Programs P.L. 273-1999	LEP-(ESL) from ECESC	State Connectivity 2010-11	Performance Based Awards	Technology Planning Grant	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 6,588	\$ 930	\$ (13,928)	\$ -	\$ 43,257	\$ (110)
Receipts:							
Local sources	-	-	-	-	-	31,649	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	9,697	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	9,697	31,649	-
Disbursements:							
Instruction	-	-	-	-	-	-	60
Support services	20,752	-	-	-	9,697	16,048	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	49,941	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	20,752	-	-	-	9,697	65,989	60
Excess (deficiency) of receipts over disbursements	(20,752)	-	-	-	-	(34,340)	(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	(20,752)	-	-	-	-	(34,340)	(60)
Cash and investments - ending	\$ (20,752)	\$ 6,588	\$ 930	\$ (13,928)	\$ -	\$ 8,917	\$ (170)

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

	Indiana Literacy Early Inter	Title I FY11	Title I FY12	Title I FY13	Title I FY14	Improving Teaching Quality, No Child Left, Title II, Part A	Title II - Part A; FY11 (2011-12)
Cash and investments - beginning	\$ -	\$ (76)	\$ (100,105)	\$ 45,823	\$ -	\$ -	\$ 5,434
Receipts:							
Local sources	10,000	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	(52,302)	97,387	211,875	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	10,000	-	(52,302)	97,387	211,875	-	-
Disbursements:							
Instruction	10,000	-	22,566	662	233,766	-	4,204
Support services	-	-	-	-	310	-	-
Noninstructional services	-	-	-	-	1,012	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	10,000	-	22,566	662	235,088	-	4,204
Excess (deficiency) of receipts over disbursements	-	-	(74,868)	96,725	(23,213)	-	(4,204)
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	-	-	(74,868)	96,725	(23,213)	-	(4,204)
Cash and investments - ending	\$ -	\$ (76)	\$ (174,973)	\$ 142,548	\$ (23,213)	\$ -	\$ 1,230

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

	Title II - Part A; FY12 (2012-13)	Title II - Part A; FY13 (2013-14)	Title II, Part D Tech. Ed. '10	Fiscal Stabilization - Education	Special Education - Part B	Payroll Withholding	Totals
Cash and investments - beginning	\$ (24,123)	\$ -	\$ 5,809	\$ 12,845	\$ (286,937)	\$ 84,632	\$ 5,317,094
Receipts:							
Local sources	-	-	-	-	-	-	20,784,200
Intermediate sources	-	-	-	-	-	-	9,047
State sources	-	-	-	-	-	-	20,457,016
Federal sources	54,218	-	-	-	-	-	781,926
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	4,318,852	5,291,149
Total receipts	54,218	-	-	-	-	4,318,852	47,323,338
Disbursements:							
Instruction	30,999	2,777	-	-	(286,937)	-	15,868,382
Support services	1,600	-	-	-	-	-	7,788,591
Noninstructional services	-	-	-	-	-	-	1,710,321
Facilities acquisition and construction	-	-	-	-	-	-	594,126
Debt services	-	-	-	-	-	-	9,878,613
Nonprogrammed charges	-	-	-	-	-	-	4,424,988
Interfund loans	-	-	-	-	-	4,242,017	4,242,017
Total disbursements	32,599	2,777	-	-	(286,937)	4,242,017	44,507,038
Excess (deficiency) of receipts over disbursements	21,619	(2,777)	-	-	286,937	76,835	2,816,300
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,188
Transfers in	-	-	-	-	-	-	3,200,000
Transfers out	-	-	-	-	-	-	(3,200,000)
Total other financing sources (uses)	-	-	-	-	-	-	1,188
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,619	(2,777)	-	-	286,937	76,835	2,817,488
Cash and investments - ending	\$ (2,504)	\$ (2,777)	\$ 5,809	\$ 12,845	\$ -	\$ 161,467	\$ 8,134,582

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MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
De Lage Landen Bus Lease	2011 Bus Lease	\$ 18,438	12/20/2012	12/20/2015
Mt. Vernon of Hancock County Multi-School Building Corporation	2008 Series	488,653	7/15/2009	1/15/2024
Mt. Vernon of Hancock County Multi-School Building Corporation	2005 Unrefunded and 2012B	2,172,000	1/15/2013	1/15/2033
Mt. Vernon of Hancock County Multi-School Building Corporation	Series 2012A	1,306,000	1/15/2013	7/15/2025
Mt. Vernon CSC School Building Corporation of Hancock County	2007 and 2012 Restructuring	5,296,000	1/15/2013	1/15/2037
Teacher Computer Equipment Lease 2014	Equipment Lease 2014	16,029	4/15/2014	3/1/2016
De Lage Landen (Blue Bird) Bus Lease	2014 Bus Lease	123,298	8/30/2014	8/30/2017
Mt. Vernon of Hancock County Multi-School Building Corporation	2004 Series	<u>1,192,988</u>	1/15/2006	7/15/2025
Total governmental activities		<u>10,613,406</u>		
Total of annual lease payments		<u>\$ 10,613,406</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	2006 Pension Debt Bond		\$ 2,375,000	\$ 251,104
General obligation bonds	2002 Pension G.O. Bond		910,000	295,540
Revenue bonds	Common School Technology Loan		<u>62,852</u>	<u>21,932</u>
Total governmental activities			<u>3,347,852</u>	<u>568,576</u>
Totals			<u>\$ 3,347,852</u>	<u>\$ 568,576</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE MOUNT VERNON COMMUNITY
SCHOOL CORPORATION, HANCOCK COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Mount Vernon Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 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.

Basis for Qualified Opinion on Title I, Part A Cluster

As described in item 2014-005 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Special Tests and Provisions - Comparability that are applicable to its Title I, Part A Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on Special Education Cluster

As described in item 2014-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Level of Effort that are applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Title I, Part A Cluster and Special Education Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion* paragraphs above, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Title I, Part A Cluster and the Special Education Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

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 2014-003, 2014-004, and 2014-007. 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.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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 2014-002, 2014-003, 2014-004, 2014-005, 2014-006, and 2014-007 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

December 21, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 6/30/2013	Total Federal Awards Expended 6/30/2014
<u>DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY2013 FY2014	\$ 34,286 -	\$ - 61,074
National School Lunch Program	10.555	FY2013 FY2014	551,873 -	- 502,913
Total - Child Nutrition Cluster			<u>586,159</u>	<u>563,987</u>
Total - Department of Agriculture			<u>586,159</u>	<u>563,987</u>
<u>DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Special Education Cluster (IDEA) Special Education_Grants to States IDEA Part B 611, FY12 IDEA Part B 611, FY13 IDEA Part B 611, FY14	84.027	14212-027-PN01 14213-027-PN01 14214-027-PN01	130,830 539,464 -	4,482 156,446 529,905
Total - Special Education_Grants to States			<u>670,294</u>	<u>690,833</u>
Special Education_Preschool Grants IDEA Part B 619, FY12 IDEA Part B 619, FY13 IDEA Part B 619, FY14	84.173	45712-027-PN01 45713-027-PN01 45714-027-PN01	7,271 24,592 -	269 3,339 17,775
Total - Special Education_Preschool Grants			<u>31,863</u>	<u>21,383</u>
Total - Special Education Cluster (IDEA)			<u>702,157</u>	<u>712,216</u>
Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	12-3135 13-3135 14-3135	21,046 106,295 -	- 45,085 211,875
Total - Title I, Part A Cluster			<u>127,341</u>	<u>256,960</u>
English Language Acquisition State Grants	84.365	3135	2,828	-
Improving Teacher Quality State Grants	84.367	11-3135 12-3135	20,304 -	- 54,218
Total for program			<u>20,304</u>	<u>54,218</u>
Education Jobs Fund	84.410	3135	12,845	-
Total - Department of Education			<u>865,475</u>	<u>1,023,394</u>
Total federal awards expended			<u>\$ 1,451,634</u>	<u>\$ 1,587,381</u>

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 97,803	\$ 93,240

MOUNT VERNON COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Title I, Part A Cluster and Special Education Cluster; Unmodified for Child Nutrition Cluster
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:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Special Education Cluster
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

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

The Child Nutrition Cluster expenditures for both school years were not included on the SEFA. This resulted in the expenditures on the SEFA for 2012-2013 and 2013-2014 being understated by \$586,159 and \$563,987, respectively.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

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

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

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

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

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

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

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

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

Cause

Management of the School Corporation had not established a system of internal control that would have ensured accurate and complete reporting of federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the *Condition*.

View of Responsible Officials

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - INTERNAL CONTROL OVER THE CHILD NUTRITION CLUSTER

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2013, FY2014

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the compliance requirements of Eligibility and Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Eligibility

The School Corporation had not designed or implemented adequate policies and procedures to ensure that participant eligibility for free and reduced price meals were accurately determined. The application information was entered into the food service software by one employee. The software automatically made the eligibility determination dependent upon the information entered. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the information entered into the food service software was correct.

Special Test and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Management of the School Corporation had not designed or implemented adequate policies and procedures to ensure that the verification of free and reduced price applications was properly completed. The school lunch software selected, from the eligible applications, the sample to be verified. Once the information was obtained for verification purposes changes were made to eligibility status based on documentation and other information obtained through the verification

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

process. The verification process was completed by one employee. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the verification process was completed correctly.

Context

The lack of effective controls over the requirements listed above were a systemic problem. The School Corporation did not have effective controls over these areas for the entire audit period.

Criteria

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

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

Cause

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

Effect

The failure to establish controls could have enabled material noncompliance to occur. Noncompliance with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

FINDING 2014-003 - SUSPENSION AND DEBARMENT

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2013, FY2014

Pass-Through Entity: Indiana Department of Education

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

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the compliance requirements for Suspension and Debarment. The Department of Agriculture required the School Corporation to verify that awarded contracts exceeding \$25,000 were not with suspended or debarred entities. No controls over this requirement were identified.

During the years 2012-2013 and 2013-2014, the School Corporation made food service purchases exceeding \$25,000 from one vendor. The School Corporation did not perform a verification check for covered transactions, by checking the SAM Exclusions, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

Context

The School Corporation did not comply with the Suspension and Debarment requirements for the applicable transactions for both school years.

Criteria

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

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

2 CFR 180.300 states:

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

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

Cause

Management had not developed a system of internal controls over the Suspension and Debarment requirements.

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Suspension and Debarment compliance requirements and develop procedures to comply with the requirement.

Views of Responsible Officials

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

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-3135, 13-3135, 14-3135

Pass-Through Entity: Indiana Department of Education

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement that have a direct and material effect to the program.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that Semiannual Certifications and Personnel Activity Reports were completed in compliance with program requirements. Semiannual Certifications were not completed for the employees who worked exclusively on the Title I program. There were no Personnel Activity Reports completed for the employee who worked on Title I and other duties to support their percentage of time worked on Title I duties.

Context

There were no Semiannual Certifications or Personnel Activity Reports completed for applicable employees throughout the audit period.

Criteria

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

" . . . (3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

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

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

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

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

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

Cause

The School Corporation was unaware of the compliance requirement.

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and Allowable Costs/Cost Principles. We also recommended that the School Corporation maintain Semiannual Certifications and Personnel Activity Reports for all applicable employees.

Views of Responsible Officials

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

FINDING 2014-005 - SPECIAL TEST AND PROVISIONS - COMPARABILITY

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 12-3135, 13-3135, 14-3135

Pass-Through Entity: Indiana Department of Education

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

Condition

The School Corporation had not established an effective internal control system related to the grant agreement and the Special Test and Provisions - Comparability compliance requirement that have a direct and material effect to the program.

The School Corporation did not file a written assurance with the Indiana Department of Education (SEA) that it had implemented required policies and procedures to meet the Comparability requirements (Comparability Report) during the audit period.

Context

The School Corporation had not developed procedures for complying with the comparability requirements and did not maintain or submit records that are updated at least biennially documenting compliance with the comparability requirements during the audit period.

Criteria

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

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

20 USC 6321(c): Fiscal requirements, states in part:

"Comparability of services

(1) In general

(A) Comparable services

Except as provided in paragraphs (4) and (5), a local educational agency may receive funds under this part only if State and local funds will be used in schools served under this part to provide services that, taken as a whole, are at least comparable to services in schools that are not receiving funds under this part.

(B) Substantially comparable services

If the local educational agency is serving all of such agency's schools under this part, such agency may receive funds under this part only if such agency will use State and local funds to provide services that, taken as a whole, are substantially comparable in each school.

(C) Basis

A local educational agency may meet the requirements of subparagraphs (A) and (B) on a grade-span by grade-span basis or a school-by-school basis.

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

(2) Written assurance

(A) Equivalence

A local educational agency shall be considered to have met the requirements of paragraph (1) if such agency has filed with the State educational agency a written assurance that such agency has established and implemented-

- (i) a local educational agency-wide salary schedule;
- (ii) a policy to ensure equivalence among schools in teachers, administrators, and other staff; and
- (iii) a policy to ensure equivalence among schools in the provision of curriculum materials and instructional supplies.

(B) Determinations

For the purpose of this subsection, in the determination of expenditures per pupil from State and local funds, or instructional salaries per pupil from State and local funds, staff salary differentials for years of employment shall not be included in such determinations.

(C) Exclusions

A local educational agency need not include unpredictable changes in student enrollment or personnel assignments that occur after the beginning of a school year in determining comparability of services under this subsection.

(3) Procedures and records

Each local educational agency assisted under this part shall-

- (A) develop procedures for compliance with this subsection; and
- (B) maintain records that are updated biennially documenting such agency's compliance with this subsection . . . "

Cause

The School Corporation was unaware of the Special Tests and Provisions - Comparability compliance requirement.

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

No questioned costs were identified.

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

Recommendation

We recommended that the School Corporation's management establish controls and procedures to ensure compliance with the Special Test and Provisions - Comparability compliance requirement of the program and prepare the appropriate reports.

Views of Responsible Officials

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

FINDING 2014-006 - LEVEL OF EFFORT

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-027-PN01, 14213-027-PN01,
14214-027-PN01, 45712-027-PN01,
45713-027-PN01, 45714-027-PN01

Pass-Through Entity: Indiana Department of Education

Condition:

The School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort compliance requirement that have a direct and material effect to the programs.

As part of the grant agreement, the School Corporation was required to provide financial information for the Level of Effort requirement to the Indiana Department of Education (IDOE). Information was provided to IDOE and the School Corporation met the Level of Effort requirement. The School Corporation did not retain supporting documentation for the information entered on the grant application to meet the Level of Effort requirement. Financial data carried from the prior year for the current application did not agree to reported amounts.

Context

The School Corporation did not retain supporting documentation for the information entered on the grant application to meet the Level of Effort requirement for either school year.

Criteria

34 CFR section 300.203 states:

"(a) *General.* Except as provided in 300.204 and 300.05, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

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

(b) *Standard.*

- (1) Except as provided in paragraph (b)(2) of this section, the SEA must determine that an LEA complies with paragraph (a) of this section for purposes of establishing the LEA's eligibility for an award for a fiscal year if the LEA budgets, for the education of children with disabilities, at least the same total or per capita amount from either of the following sources as the LEA spent for that purpose from the same source for the most recent prior year for which information is available:
 - (i) Local funds only.
 - (ii) The combination of State and local funds.
- (2) An LEA that relies on paragraph (b)(1)(i) of this section for any fiscal year must ensure that the amount of local funds it budgets for the education of children with disabilities in that year is at least the same, either in total or per capita, as the amount it spent for that purpose in the most recent fiscal year for which information is available and the standard in paragraph (b)(1)(i) of this section was used to establish its compliance with this section.
- (3) The SEA may not consider any expenditure made from funds provided by the Federal Government for which the SEA is required to account to the Federal Government or for which the LEA is required to account to the Federal Government directly or through the SEA in determining an LEA's compliance with the requirement in paragraph (a) of this section. . . ."

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

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

Cause

The Level of Effort cost calculator was prepared by the former School Corporation Treasurer. The current School Corporation Treasurer was unable to locate or recreate the supporting documentation for amounts submitted.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls and procedures to ensure compliance with the Level of Effort compliance requirement of the program and retain documentation supporting reported amounts.

Views of Responsible Officials

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

FINDING 2014-007 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-027-PN01, 14213-027-PN01
14214-027-PN01, 45712-027PN01,
45713-027-PN01, 45714-027-PN01

Pass-Through Entity: Indiana Department of Education

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Context

The School Corporation participated in Special Education Joint Services, Hancock Madison Shelby Education Services (HMSES). The HMSES provided special education services at the school level. The School Corporation did not complete the required Semiannual Certifications for Special Education Cluster programs personnel for either of the fiscal years.

Criteria

OMB Circular A-87, Attachment B, Item 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

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. . . ."

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

Cause

Management of the School Corporation did not have proper knowledge of the grant agreement.

Effect

The failure to establish controls enabled material noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

We recommended that the required Semiannual Certifications for Special Education Cluster programs personnel be completed for both fiscal years.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



MT. VERNON
COMMUNITY SCHOOL CORPORATION

Dr. Jeffrey Bond
Director of Curriculum
Greg Rollo
Director of Technology
Maria Bond
Director of Communications

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-1 – SPECIAL TESTS AND PROVISIONS

Federal Agency: United States Department of Agriculture
Federal Program: National School Lunch and School Breakfast
CFDA Number: 10.555 and 10.553
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Status of Audit Finding:

The Food Service Director is currently conducting the verifications process of free and reduced applications. Applications are turned into the cafeteria managers or the front office staff at the administration building. At the time that forms are turned in they are checked for accuracy and completion. During the review process the Food Service Director and the Superintendent's secretary review the verification process to allow for double checking of work during the review. The Food Service Director verifies any needed changes of status once the review is complete.



(Signature)

Business Manager

(Title)

4/16/14

(Date)

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Dr. Shane Robbins
Superintendent
Mike Horton
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Brian Tomamichel
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MT. VERNON
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2 – SEGREGATION OF DUTIES OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO FEDERAL PROGRAMS

Federal Agency: United States Department of Education
Federal Program: National School Lunch and School Breakfast
CFDA Number: 10.555 and 10.553
Federal Award Number and Year: FY 2011 and FY 2012
Pass-Through Entity: Indiana Department of Education

Federal Agency: United States Department of Education
Federal Program: ARRA – Special Education – Grants to States and ARRA – Special Education – Preschool Grants
CFDA Number: 84.391 and 84.392
Federal Award Number and Year: 33310-027-SN01 and 44410-027-SN01
Pass-Through Entity: Hancock-South Madison Joint Services

Status of Audit Finding:

All federal programs at Mt. Vernon Community Schools have at least two central office management signatures during the processes of initiation, approval, undertaking, and review of any activity involving the federal program including reimbursements. All reimbursements are supported by an expense report and are signed off by the grant administrator.



(Signature)

Business Manager

(Title)

4/6/14

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-3 – CASH MANAGEMENT

Federal Agency: United States Department of Energy
Federal Program: ARRA – Energy Efficiency & Conservation Block Grant
CFDA Number: 81.128
Federal Award Number and Year: A302-11-EECBG-2/3/5-001
Pass-Through Entity: Town of Fortville

Status of Audit Finding:

All federal programs that Mt. Vernon Community School Corporation is involved in have their reimbursements done on a reimbursement basis. To insure compliance with the reimbursement basis Mt. Vernon only request reimbursements for items that appear on a corresponding expense report for the same period. The amount requested must also match the negative fund balance that corresponds to the expense report. At no time are fund requested in advance of the expense being incurred unless specifically allowable under the grant documents. All federal programs also have two signatures on all reimbursement requests to help insure accuracy in the request.



(Signature)

Business Manager

(Title)

4/6/16

(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-4 – CASH MANAGEMENT & REPORTING

Federal Agency: United States Department of Education
Federal Program: Special Education Cluster
CFDA Number: 84.391 and 84.392
Federal Award Number and Year: 33310-027-SN01 and 44410-027-AN01
Pass-Through Entity: Hancock Madison Shelby Educational Services

Status of Audit Finding:

All federal programs that Mt. Vernon Community School Corporation is involved in have their reimbursements done on a reimbursement basis. To insure compliance with the reimbursement basis Mt. Vernon only request reimbursements for items that appear on a corresponding expense report for the same period. The amount requested must also match the negative fund balance that corresponds to the expense report. At no time are fund requested in advance of the expense being incurred unless specifically allowable under the grant documents. All federal programs also have two signatures on all reimbursement requests to help insure accuracy in the request.



(Signature)

Business Manager

(Title)

4/6/14

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-5 – PROCUREMENT

Federal Agency: United States Department of Energy
Federal Program: ARRA – Energy Efficiency & Conservation Block Grant
CFDA Number: 81.128
Federal Award Number and Year: A302-11-EECBG-2/3/5-001
Pass-Through Entity: Town of Fortville

Status of Audit Finding:

When working with larger procurements Mt. Vernon always makes sure to check with their board policies, state and federal procurement requirements, and any other special requirements depending on where the funds are being spent from. Often times larger construction projects are handled by an outside engineering firm to ensure compliance on all aspects of procurement law. All major projects are also approved by the board and involve at least two central office administration employees.



(Signature)

Business Manager

(Title)

4/6/16

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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Dr. Jeffrey Bond
Director of Curriculum
Greg Rollo
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Maria Bond
Director of Communications

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-6 – DAVIS BACON

Federal Agency: United States Department of Energy
Federal Program: ARRA – Energy Efficiency & Conservation Block Grant
CFDA Number: 81.128
Federal Award Number and Year: A302-11-EECBG-2/3/5-001
Pass-Through Entity: Town of Fortville

Status of Audit Finding:

All contracts are reviewed by our council prior to being presented to our board of school trustees to makes sure that all contracts are in compliance with applicable laws at that time. Once our council approved the contract all contracts are then presented to the board of school trustees for approval.

All contract expenditures must be backed up by supporting documentation. All expenditures made by the school corporation must contain signatures from the Business Manager, accounts payable, and the building level treasurer or ordering manager prior to payment.



(Signature)

Business Manager

(Title)

4/6/14

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-001

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

Mt. Vernon Community School Corporation is preparing a detailed segregation of duties to help improve all internal controls with all state and federal grants. All Grant documents will be reviewed by the corporation treasurer and chief financial officer prior to submission. With this all future SEFA's will be reviewed by the corporation treasurer and chief financial officer prior to submission.

Mt. Vernon Community Schools will also beginning to have an individual file for all state and federal grants moving forward. In prior practice Mt. Vernon had kept several years of grant files in the same folder causing information from prior years to be mixed. By creating an individual file for all grants, grants will be able to better monitored and tracked.

Anticipated Completion Date: March 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-002

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt Vernon Community School Corporation

Description of Corrective Action Plan:

Mt. Vernon Community School Corporation will begin to have all items related to the School Breakfast and Lunch Program signed off by the Director of Food Service and either the Chief Financial Officer or Corporation Treasurer. Mt. Vernon Schools will insure that all free and reduced applications are reviewed by at least two people moving forward and that all information entered into the food service software is reviewed and signed off on by at least two people as well. New internal controls specific to Mt. Vernon's School Breakfast and Lunch Programs will be designed and implemented to insure this oversight is corrected and the proper internal controls are followed moving forward.

Anticipated Completion Date: April 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-003

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

Mt. Vernon Community School Corporation will make sure that any vendor contracts exceeding \$25,000 were not with suspended or debarred entities by checking the EPLS, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity.

Mt. Vernon Community School Corporation will begin to have all items related to the School Breakfast and Lunch Program signed off by the Director of Food Service and either the Chief Financial Officer or Corporation Treasurer. Mt. Vernon Schools will insure that all free and reduced applications are reviewed by at least two people moving forward and that all information entered into the food service software is reviewed and signed off on by at least two people as well. New internal controls specific to Mt. Vernon's School Breakfast and Lunch Programs will be designed and implemented to insure this oversight is corrected and the proper internal controls are followed moving forward.

Anticipated Completion Date: April 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-004

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

The school corporation will develop detailed internal controls for the Title One grant management to insure that all Title One grant compliance items are being met. Mt. Vernon recently transitioned to a new Title One grant director who is responsible to managing all grant compliance items, including maintaining a time and effort certification for all employees associated with the grant.

Mt. Vernon will also insure that their internal controls include an appropriate segregation of duties to insure that future compliance items are not missed.

Anticipated Completion Date: February 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-005

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

The school corporation will develop detailed internal controls for the Title One grant management to insure that all Title One grant compliance items are being met. Mt. Vernon recently transitioned to a new Title One grant director who is responsible to managing all grant compliance items, including Special Test and provisions – Comparability compliance requirement of the program and prepare the appropriate reports.

Mt. Vernon will also insure that their internal controls include an appropriate segregation of duties to insure that future compliance items are not missed.

Anticipated Completion Date: February 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-006

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

Mt. Vernon Community School Corporation is preparing a detailed segregation of duties to help improve all internal controls with all state and federal grants. All Grant documents will be reviewed by the corporation treasurer and chief financial officer prior to submission. With this all future SEFA's will be reviewed by the corporation treasurer and chief financial officer prior to submission.

Mt. Vernon Community Schools will also beginning to have an individual file for all state and federal grants moving forward. In prior practice Mt. Vernon had kept several years of grant files in the same folder causing information from prior years to be mixed. By creating an individual file for all grants, grants will be able to better monitored and tracked.

All Items related to the annual Maintenance of Effort report will be maintained in the corresponding file for the year in which is applies or future reference can be done on the calculations.

Anticipated Completion Date: January 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

Dr. Shane Robbins
Superintendent
Mike Horton
Assistant Superintendent
Brian Tomamichel
Business Manager



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FINDING 2014-007

Contact Person Responsible for Corrective Action: Mr. Brian Tomamichel, CFO
Contact Phone Number: (317) 485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation agrees with the above finding.

Description of Corrective Action Plan:

Effective July 1, 2016 Mt. Vernon Community School Corporation pulled out of the HMSES in order to better control their compliance with the Special Education Grants to States and Special Education Preschool Grant. Since that time Mt. Vernon has continued to work on and improve their internal controls with their federal special education grants. Including the addition of a Special Education Director and Assistant Director. Mt. Vernon will have written detailed internal controls that provide the appropriate segregation of duties and insure all compliance items are met on both grants.

Anticipated Completion Date: January 2017



(Signature)

CFO

(Title)

12/20/2016

(Date)

OTHER REPORTS

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