

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MILL CREEK COMMUNITY SCHOOL CORPORATION
HENDRICKS COUNTY, INDIANA

July 1, 2013 to June 30, 2015



FILED
09/29/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Lori Bennett	07-01-13 to 06-30-18
Superintendent of Schools	Dr. Jill E. Jay James A. Diagostino	07-01-13 to 06-30-14 07-01-14 to 06-30-18
President of the School Board	Charlie W. Morris Dr. Margaret D. Weatherman Timothy Whicker	07-01-12 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-17



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE MILL CREEK COMMUNITY SCHOOL
CORPORATION, HENDRICKS COUNTY, INDIANA

Report on the Financial Statement

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from 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 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

Opinion on Regulatory Basis of Accounting

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

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated September 22, 2017, 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

September 22, 2017



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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 MILL CREEK COMMUNITY SCHOOL
CORPORATION, HENDRICKS 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 Mill Creek Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated September 22, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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


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

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

September 22, 2017

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

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 3,428,497	\$ 9,281,896	\$ 9,147,230	\$ 1,500	\$ 3,564,663	\$ 9,382,812	\$ 9,705,782	\$ 250	\$ 3,241,943
Debt Service	1,603,198	2,547,281	2,608,648	(3,729)	1,538,102	2,431,788	2,714,104	(3,021)	1,252,765
Retirement/Severance Bond Debt Service	189,599	267,629	272,931	-	184,297	276,671	287,452	-	173,516
Capital Projects	427,589	1,325,592	1,217,130	-	536,051	1,347,065	1,197,284	-	685,832
School Transportation	415,686	969,713	911,288	-	474,111	1,013,546	911,059	-	576,598
School Bus Replacement	155,371	172,290	202,586	-	125,075	101,811	186,142	-	40,744
Rainy Day	593,475	-	-	-	593,475	-	-	-	593,475
Construction	-	-	181,054	1,515,306	1,334,252	-	1,294,699	-	39,553
School Lunch	372,620	663,670	722,189	-	314,101	599,567	615,760	-	297,908
Textbook Rental	(6,351)	131,930	28,022	3,729	101,286	133,779	120,122	3,021	117,964
Self-Insurance	-	-	-	-	-	198	-	-	198
Levy Excess	-	-	-	-	-	865	-	-	865
Educational License Plates	572	206	-	-	778	188	50	-	916
Early Intervention Grant	3,321	16,256	5,415	-	14,162	18,320	32,482	-	-
Instruction Support	3,964	8,492	2,396	-	10,060	5,704	9,344	-	6,420
Extra-Curricular Activities	48	1,400	-	-	1,448	1,000	1,702	-	746
Welfare Activities	-	880	640	-	240	1,090	1,330	-	-
Miscellaneous Programs	653	100	398	-	355	1,916	1,264	-	1,007
Education Technology	-	-	-	-	-	148,100	295,550	-	(147,450)
Medicaid Reimbursement	4,282	16,135	8,135	-	12,282	12,120	6,256	-	18,146
Secured Schools Safety Grant	-	-	25,661	-	(25,661)	51,348	46,497	-	(20,810)
Recreational Activities	800	-	800	-	-	1,480	-	-	1,480
Scholarships and Awards	47	-	47	-	-	-	-	-	-
Non-English Speaking Programs P.L. 273-1999	-	1,314	1,314	-	-	-	-	-	-
School Technology	3,301	8,489	8,668	-	3,122	8,193	8,193	-	3,122
Performance Based Awards	-	-	-	-	-	2,541	-	-	2,541
Miscellaneous Programs	131	44	-	-	175	-	-	-	175
WCHSC	9,592	-	-	-	9,592	-	-	-	9,592
Innovative School Improvement Grant	(2,518)	34,906	32,388	-	-	-	-	-	-
Senator David Ford Technology	-	17,091	17,091	-	-	8,515	10,648	-	(2,133)
Biology Grant	14,977	-	-	-	14,977	-	-	-	14,977
Title I	(5,314)	83,592	78,278	-	-	120,409	138,532	-	(18,123)
Innovative Education Program Strategies Title V (Part A)	946	-	-	-	946	-	-	-	946
Medicaid Reimbursement - Federal	7,509	14,867	1,553	-	20,823	10,919	1,188	-	30,554
Improving Teaching Quality, No Child Left, Title II, Part A	(6,350)	43,298	36,948	-	-	40,980	49,446	-	(8,466)
Payroll Withholding	30,388	3,433,521	3,446,877	-	17,031	3,762,590	3,754,221	-	25,400
Totals	\$ 7,246,033	\$ 19,040,592	\$ 18,957,687	\$ 1,516,806	\$ 8,845,743	\$ 19,483,515	\$ 21,389,107	\$ 250	\$ 6,940,401

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

MILL CREEK 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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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:

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.

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some cash balance deficits which appear as negative entries. The negative balance in the Textbook Rental fund was due to poor collection practices for unpaid book rental fees and overstock of textbook inventory. The School Corporation began using a collection agency in 2010-2011 and introduced inventory controls over textbook stock in 2012-2013. At September 30, 2013, the Textbook Rental fund no longer had a negative balance and at December 31, 2013, the Textbook Rental fund balance was \$55,286. Other negative funds are a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 and 2015.

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Holding Corporations

The School Corporation has entered into a capital lease with Mill Creek Community East Elementary 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 2014 and 2015 totaled \$1,649,000 and \$1,647,000, respectively.

The School Corporation has entered into a capital lease with Mill Creek 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 of 2014 and 2015 totaled \$203,500 and \$359,000, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://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.

MILL CREEK 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	Construction
Cash and investments - beginning	\$ 3,428,497	\$ 1,603,198	\$ 189,599	\$ 427,589	\$ 415,686	\$ 155,371	\$ 593,475	\$ -
Receipts:								
Local sources	122,401	2,547,281	267,629	1,325,592	969,713	172,290	-	-
Intermediate sources	25	-	-	-	-	-	-	-
State sources	9,158,970	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	500	-	-	-	-	-	-	-
Total receipts	<u>9,281,896</u>	<u>2,547,281</u>	<u>267,629</u>	<u>1,325,592</u>	<u>969,713</u>	<u>172,290</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	6,174,144	-	-	-	-	-	-	-
Support services	2,864,599	(142,719)	-	685,334	900,861	202,586	-	93,210
Noninstructional services	97,891	-	-	-	-	-	-	-
Facilities acquisition and construction	10,422	-	-	520,096	10,427	-	-	67,376
Debt service	-	2,751,367	272,931	11,700	-	-	-	20,468
Nonprogrammed charges	174	-	-	-	-	-	-	-
Total disbursements	<u>9,147,230</u>	<u>2,608,648</u>	<u>272,931</u>	<u>1,217,130</u>	<u>911,288</u>	<u>202,586</u>	<u>-</u>	<u>181,054</u>
Excess (deficiency) of receipts over disbursements	<u>134,666</u>	<u>(61,367)</u>	<u>(5,302)</u>	<u>108,462</u>	<u>58,425</u>	<u>(30,296)</u>	<u>-</u>	<u>(181,054)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,515,306
Sale of capital assets	1,500	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(3,729)	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,500</u>	<u>(3,729)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,515,306</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>136,166</u>	<u>(65,096)</u>	<u>(5,302)</u>	<u>108,462</u>	<u>58,425</u>	<u>(30,296)</u>	<u>-</u>	<u>1,334,252</u>
Cash and investments - ending	<u>\$ 3,564,663</u>	<u>\$ 1,538,102</u>	<u>\$ 184,297</u>	<u>\$ 536,051</u>	<u>\$ 474,111</u>	<u>\$ 125,075</u>	<u>\$ 593,475</u>	<u>\$ 1,334,252</u>

MILL CREEK 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)

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Instruction Support	Extra- Curricular Activities
Cash and investments - beginning	\$ 372,620	\$ (6,351)	\$ -	\$ -	\$ 572	\$ 3,321	\$ 3,964	\$ 48
Receipts:								
Local sources	387,889	92,423	-	-	-	-	6,159	1,400
Intermediate sources	-	-	-	-	206	-	2,333	-
State sources	8,073	39,507	-	-	-	16,256	-	-
Federal sources	267,708	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>663,670</u>	<u>131,930</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>16,256</u>	<u>8,492</u>	<u>1,400</u>
Disbursements:								
Instruction	-	-	-	-	-	3,022	1,444	-
Support services	727	28,022	-	-	-	2,393	-	-
Noninstructional services	709,677	-	-	-	-	-	-	-
Facilities acquisition and construction	11,785	-	-	-	-	-	952	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>722,189</u>	<u>28,022</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,415</u>	<u>2,396</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(58,519)</u>	<u>103,908</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>10,841</u>	<u>6,096</u>	<u>1,400</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	3,729	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,729</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>(58,519)</u>	<u>107,637</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>10,841</u>	<u>6,096</u>	<u>1,400</u>
Cash and investments - ending	<u>\$ 314,101</u>	<u>\$ 101,286</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 778</u>	<u>\$ 14,162</u>	<u>\$ 10,060</u>	<u>\$ 1,448</u>

MILL CREEK 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)

	Welfare Activities	Miscellaneous Programs	Education Technology	Medicaid Reimbursement	Secured Schools Safety Grant	Recreational Activities	Scholarships and Awards
Cash and investments - beginning	\$ -	\$ 653	\$ -	\$ 4,282	\$ -	\$ 800	\$ 47
Receipts:							
Local sources	-	100	-	-	-	-	-
Intermediate sources	880	-	-	-	-	-	-
State sources	-	-	-	16,135	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>880</u>	<u>100</u>	<u>-</u>	<u>16,135</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	-	-	-	47
Support services	-	398	-	8,135	-	800	-
Noninstructional services	640	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	25,661	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>640</u>	<u>398</u>	<u>-</u>	<u>8,135</u>	<u>25,661</u>	<u>800</u>	<u>47</u>
Excess (deficiency) of receipts over disbursements	<u>240</u>	<u>(298)</u>	<u>-</u>	<u>8,000</u>	<u>(25,661)</u>	<u>(800)</u>	<u>(47)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>240</u>	<u>(298)</u>	<u>-</u>	<u>8,000</u>	<u>(25,661)</u>	<u>(800)</u>	<u>(47)</u>
Cash and investments - ending	<u>\$ 240</u>	<u>\$ 355</u>	<u>\$ -</u>	<u>\$ 12,282</u>	<u>\$ (25,661)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Miscellaneous Programs	WCHSC	Innovative School Improvement Grant	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ 3,301	\$ -	\$ 131	\$ 9,592	\$ (2,518)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,314	8,489	-	44	-	34,906	17,091
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,314	8,489	-	44	-	34,906	17,091
Disbursements:							
Instruction	964	-	-	-	-	31,788	-
Support services	350	8,668	-	-	-	600	17,091
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,314	8,668	-	-	-	32,388	17,091
Excess (deficiency) of receipts over disbursements	-	(179)	-	44	-	2,518	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(179)	-	44	-	2,518	-
Cash and investments - ending	\$ -	\$ 3,122	\$ -	\$ 175	\$ 9,592	\$ -	\$ -

MILL CREEK 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)

	Biology Grant	Title I	Innovative Education Program Strategies Title V (Part A)	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding	Totals
Cash and investments - beginning	\$ 14,977	\$ (5,314)	\$ 946	\$ 7,509	\$ (6,350)	\$ 30,388	\$ 7,246,033
Receipts:							
Local sources	-	-	-	-	(1,300)	-	5,891,577
Intermediate sources	-	-	-	-	-	-	3,444
State sources	-	-	-	-	-	-	9,300,785
Federal sources	-	83,592	-	14,867	44,598	-	410,765
Other receipts	-	-	-	-	-	3,433,521	3,434,021
Total receipts	-	83,592	-	14,867	43,298	3,433,521	19,040,592
Disbursements:							
Instruction	-	78,278	-	-	5,125	-	6,294,812
Support services	-	-	-	1,553	31,823	-	4,704,431
Noninstructional services	-	-	-	-	-	-	808,208
Facilities acquisition and construction	-	-	-	-	-	-	646,719
Debt service	-	-	-	-	-	-	3,056,466
Nonprogrammed charges	-	-	-	-	-	3,446,877	3,447,051
Total disbursements	-	78,278	-	1,553	36,948	3,446,877	18,957,687
Excess (deficiency) of receipts over disbursements	-	5,314	-	13,314	6,350	(13,356)	82,904.74
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	1,515,306
Sale of capital assets	-	-	-	-	-	-	1,500
Transfers in	-	-	-	-	-	-	3,729
Transfers out	-	-	-	-	-	-	(3,729)
Total other financing sources (uses)	-	-	-	-	-	-	1,516,806
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,314	-	13,314	6,350	(13,356)	1,599,711
Cash and investments - ending	\$ 14,977	\$ -	\$ 946	\$ 20,823	\$ -	\$ 17,031	\$ 8,845,743

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction
Cash and investments - beginning	\$ 3,564,663	\$ 1,538,102	\$ 184,297	\$ 536,051	\$ 474,111	\$ 125,075	\$ 593,475	\$ 1,334,252
Receipts:								
Local sources	136,285	2,431,788	276,671	1,347,065	1,013,546	101,811	-	-
Intermediate sources	4,058	-	-	-	-	-	-	-
State sources	9,237,969	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	4,500	-	-	-	-	-	-	-
Total receipts	<u>9,382,812</u>	<u>2,431,788</u>	<u>276,671</u>	<u>1,347,065</u>	<u>1,013,546</u>	<u>101,811</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	6,489,758	-	-	-	-	-	-	-
Support services	3,126,412	-	-	692,422	899,048	186,142	-	201,804
Noninstructional services	84,761	-	-	-	-	-	-	-
Facilities acquisition and construction	4,843	-	-	487,868	12,011	-	-	1,092,895
Debt service	-	2,714,104	287,452	16,994	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>9,705,782</u>	<u>2,714,104</u>	<u>287,452</u>	<u>1,197,284</u>	<u>911,059</u>	<u>186,142</u>	<u>-</u>	<u>1,294,699</u>
Excess (deficiency) of receipts over disbursements	<u>(322,970)</u>	<u>(282,316)</u>	<u>(10,781)</u>	<u>149,781</u>	<u>102,487</u>	<u>(84,331)</u>	<u>-</u>	<u>(1,294,699)</u>
Other financing sources (uses):								
Sale of capital assets	250	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(3,021)	-	-	-	-	-	-
Total other financing sources (uses)	<u>250</u>	<u>(3,021)</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>(322,720)</u>	<u>(285,337)</u>	<u>(10,781)</u>	<u>149,781</u>	<u>102,487</u>	<u>(84,331)</u>	<u>-</u>	<u>(1,294,699)</u>
Cash and investments - ending	<u>\$ 3,241,943</u>	<u>\$ 1,252,765</u>	<u>\$ 173,516</u>	<u>\$ 685,832</u>	<u>\$ 576,598</u>	<u>\$ 40,744</u>	<u>\$ 593,475</u>	<u>\$ 39,553</u>

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Educational License Plates	Early Intervention Grant	Instruction Support	Extra- Curricular Activities
Cash and investments - beginning	\$ 314,101	\$ 101,286	\$ -	\$ -	\$ 778	\$ 14,162	\$ 10,060	\$ 1,448
Receipts:								
Local sources	342,482	99,246	198	865	-	-	1,460	1,000
Intermediate sources	-	-	-	-	188	-	4,244	-
State sources	8,485	34,533	-	-	-	18,320	-	-
Federal sources	248,600	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>599,567</u>	<u>133,779</u>	<u>198</u>	<u>865</u>	<u>188</u>	<u>18,320</u>	<u>5,704</u>	<u>1,000</u>
Disbursements:								
Instruction	-	-	-	-	-	28,991	1,602	1,702
Support services	289	120,122	-	-	50	3,491	3,984	-
Noninstructional services	615,044	-	-	-	-	-	-	-
Facilities acquisition and construction	427	-	-	-	-	-	3,758	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>615,760</u>	<u>120,122</u>	<u>-</u>	<u>-</u>	<u>50</u>	<u>32,482</u>	<u>9,344</u>	<u>1,702</u>
Excess (deficiency) of receipts over disbursements	<u>(16,193)</u>	<u>13,657</u>	<u>198</u>	<u>865</u>	<u>138</u>	<u>(14,162)</u>	<u>(3,640)</u>	<u>(702)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	3,021	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>3,021</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>(16,193)</u>	<u>16,678</u>	<u>198</u>	<u>865</u>	<u>138</u>	<u>(14,162)</u>	<u>(3,640)</u>	<u>(702)</u>
Cash and investments - ending	<u>\$ 297,908</u>	<u>\$ 117,964</u>	<u>\$ 198</u>	<u>\$ 865</u>	<u>\$ 916</u>	<u>\$ -</u>	<u>\$ 6,420</u>	<u>\$ 746</u>

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

	Welfare Activities	Miscellaneous Programs	Education Technology	Medicaid Reimbursement	Secured Schools Safety Grant	Recreational Activities	Scholarships and Awards
Cash and investments - beginning	\$ 240	\$ 355	\$ -	\$ 12,282	\$ (25,661)	\$ -	\$ -
Receipts:							
Local sources	-	1,916	-	-	-	1,480	-
Intermediate sources	1,090	-	-	-	-	-	-
State sources	-	-	148,100	12,120	51,348	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>1,090</u>	<u>1,916</u>	<u>148,100</u>	<u>12,120</u>	<u>51,348</u>	<u>1,480</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	1,264	295,550	6,256	39,809	-	-
Noninstructional services	1,330	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	6,688	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>1,330</u>	<u>1,264</u>	<u>295,550</u>	<u>6,256</u>	<u>46,497</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(240)</u>	<u>652</u>	<u>(147,450)</u>	<u>5,864</u>	<u>4,851</u>	<u>1,480</u>	<u>-</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(240)</u>	<u>652</u>	<u>(147,450)</u>	<u>5,864</u>	<u>4,851</u>	<u>1,480</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,007</u>	<u>\$ (147,450)</u>	<u>\$ 18,146</u>	<u>\$ (20,810)</u>	<u>\$ 1,480</u>	<u>\$ -</u>

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

	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Miscellaneous Programs	WCHSC	Innovative School Improvement Grant	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ 3,122	\$ -	\$ 175	\$ 9,592	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	8,193	2,541	-	-	-	8,515
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	8,193	2,541	-	-	-	8,515
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	8,193	-	-	-	-	10,648
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	8,193	-	-	-	-	10,648
Excess (deficiency) of receipts over disbursements	-	-	2,541	-	-	-	(2,133)
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	-	-	2,541	-	-	-	(2,133)
Cash and investments - ending	\$ -	\$ 3,122	\$ 2,541	\$ 175	\$ 9,592	\$ -	\$ (2,133)

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

	Biology Grant	Title I	Innovative Education Program Strategies Title V (Part A)	Medicaid Reimbursement - Federal	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholding	Totals
Cash and investments - beginning	\$ 14,977	\$ -	\$ 946	\$ 20,823	\$ -	\$ 17,031	\$ 8,845,743
Receipts:							
Local sources	-	-	-	-	3,600	-	5,759,413
Intermediate sources	-	-	-	-	-	-	9,580
State sources	-	-	-	-	-	-	9,530,124
Federal sources	-	120,409	-	10,919	37,380	-	417,308
Other receipts	-	-	-	-	-	3,762,590	3,767,090
Total receipts	-	120,409	-	10,919	40,980	3,762,590	19,483,515
Disbursements:							
Instruction	-	138,532	-	-	10,565	-	6,671,150
Support services	-	-	-	1,188	38,881	-	5,635,553
Noninstructional services	-	-	-	-	-	-	701,135
Facilities acquisition and construction	-	-	-	-	-	-	1,608,490
Debt service	-	-	-	-	-	-	3,018,550
Nonprogrammed charges	-	-	-	-	-	3,754,221	3,754,221
Total disbursements	-	138,532	-	1,188	49,446	3,754,221	21,389,107
Excess (deficiency) of receipts over disbursements	-	(18,123)	-	9,731	(8,466)	8,369	(1,905,592)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	250
Transfers in	-	-	-	-	-	-	3,021
Transfers out	-	-	-	-	-	-	(3,021)
Total other financing sources (uses)	-	-	-	-	-	-	250
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(18,123)	-	9,731	(8,466)	8,369	(1,905,342)
Cash and investments - ending	\$ 14,977	\$ (18,123)	\$ 946	\$ 30,554	\$ (8,466)	\$ 25,400	\$ 6,940,401

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MILL CREEK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 276,780</u>	<u>\$ 196,982</u>

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

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Mill Creek Multi-School Building Corporation	Multi-School Building	\$ 769,638	12/23/2004	1/15/2018
Santander Leasing LLC	School Bus Lease - 3 buses	267,159	3/4/2015	1/11/2016
Star Equipment Finance	Copiers	8,775	3/9/2012	3/9/2016
Mill Creek East Elementary School Building Corporation	East Elementary Refinance	1,027,900	4/2/2008	1/10/2018
Mill Creek East Elementary School Building Corporation	Energy Project	<u>57,000</u>	6/2/2011	12/31/2018
Total governmental activities		<u>2,130,472</u>		
Total of annual lease payments		<u>\$ 2,130,472</u>		

Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	CHS Science Labs	\$ 419,000	\$ 100,848
General obligation bonds	renovations to existing schools	1,520,000	41,785
General obligation bonds	Severance Funding	710,000	288,832
Notes and loans payable	Common School Fund loan - Technology devices	133,290	30,879
Notes and loans payable	Common School Fund loan - Technology devices	147,450	-
Notes and loans payable	Common School Fund loan - Cadet Center	<u>10,340,000</u>	<u>453,200</u>
Total governmental activities		<u>13,269,740</u>	<u>915,544</u>
Totals		<u>\$ 13,269,740</u>	<u>\$ 915,544</u>

MILL CREEK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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

	<u>Ending Balance</u>
Governmental activities:	
Buildings	\$ 70,117,252
Improvements other than buildings	1,011,970
Machinery, equipment, and vehicles	<u>9,886,151</u>
Total governmental activities	<u>81,015,373</u>
Total capital assets	<u><u>\$ 81,015,373</u></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 MILL CREEK COMMUNITY SCHOOL CORPORATION, HENDRICKS COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

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

Opinion on Each Major Federal Program

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001, 2015-002, 2015-003, 2015-004, and 2015-005 to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

September 22, 2017

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.

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	3335	\$ -	\$ 35,242	\$ -	\$ 34,184
National School Lunch Program		10.555	3335	-	232,466	-	214,039
National School Lunch Program - Commodities		10.555	3335	-	39,723	-	40,730
Special Milk Program for Children		10.556	3335	-	-	-	377
Total - Child Nutrition Cluster				-	307,431	-	289,330
Total - Department of Agriculture				-	307,431	-	289,330
Department of Education							
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010	13-3335	-	5,314	-	-
			14-3335	-	78,278	-	14,144
			15-3335	-	-	-	106,265
Total - Title I Grants to Local Educational Agencies				-	83,592	-	120,409
Improving Teacher Quality State Grants							
	Indiana Department of Education	84.367	12-3335	-	5,270	-	-
			13-3335	-	35,381	-	-
			14-3335	-	2,648	-	32,380
Total - Improving Teacher Quality State Grants				-	43,299	-	32,380
Special Education Cluster (IDEA)							
Special Education _Grants to States							
	Indiana Department of Education	84.027	12-3335	-	756	-	-
			13-3335	-	107,921	-	61
			14-3335	-	195,568	-	123,491
			15-3335	-	-	-	190,644
Technical Assistance FY14			3335	-	3,232	-	2,721
Total - Special Education _Grants to States				-	307,477	-	316,916

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

MILL CREEK COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education _Grants to States (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173	12-3335	-	1,751	-	-
			13-3335	-	8,443	-	1,078
			14-3335	-	-	-	8,273
Total - Special Education_Preschool Grants				-	10,193	-	9,352
Total - Special Education Cluster (IDEA)				-	317,670	-	326,268
Total - Department of Education				-	444,561	-	479,057
<u>Department of Health and Human Services</u>							
Medical Assistance Program	Indiana Family and Social Services Administration	93.778	3335	-	14,867	-	10,919
Total - Medical Assistance Program				-	14,867	-	10,919
Total - Department of Health and Human Services				-	14,867	-	10,919
<u>Department of Homeland Security</u>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	3335	-	-	-	3,750
Total - Department of Homeland Security				-	-	-	3,750
Total federal awards expended				\$ -	\$ 766,859	\$ -	\$ 783,056

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

MILL CREEK COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

MILL CREEK 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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs

 Name of Federal Program or Cluster

Child Nutrition Cluster
 Special Education Cluster (IDEA)

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

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program, Special Milk Program for Children
 CFDA Numbers: 10.553, 10.555, 10.556
 Federal Award Number and Year (or Other Identifying Number): 3335
 Pass-Through Entity: Indiana Department of Education

MILL CREEK 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 Allowable Costs/Cost Principles compliance requirement. Semi-Annual Certifications were not maintained by the School Corporation.

Context

Semi-Annual Certifications were not maintained by the School Corporation for food service employees who worked solely on the Child Nutrition programs for the 2013-2014 and 2014-2015 school years. The lack of controls was a systemic problem, occurring throughout 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. . . ."

OMB Circular A-87, Attachment B, section 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."

Cause

Management had not developed a system of internal controls over the Allowable Costs/Cost Principles compliance requirement, which would have prevented, or detected and corrected, material non-compliance.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance of the grant agreement and 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 to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement listed above.

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

Views of Responsible Officials

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

FINDING 2015-002 - CASH MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): 3335
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 Cash Management compliance requirement. The School Corporation's monthly Net Cash Resources in the School Lunch fund exceeded the 3 months average expenditures during the audit period.

Context

For all months of the audit period, the monthly net cash resources were greater than the allowed 3 months average expenditures. The 3 months average expenditures for the 2013-2014 school year and 2014-2015 school year were \$180, 547 and \$153,940, respectively. The School Corporation's monthly Net Cash Resources ranged from \$299,055 to \$409,456 in the 2013-2014 school year and \$288,907 to \$376,822 in the 2014-2015 school year.

The School Corporation was aware of the requirement and had a plan for purchasing new equipment for Child Nutrition Cluster programs.

Criteria

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

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

7 CFR 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall . . . with respect to participating schools under its jurisdiction: . . .

- (iv) Limit its net cash resource to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency . . ."

Cause

Management had not established an effective system of internal control, related to the Cash Management compliance requirement, which would have prevented, or detected and corrected, noncompliance.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance of the grant agreement and 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 to ensure compliance with the grant agreement and the Cash Management compliance requirement 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 2015-003 - REPORTING

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School
Lunch Program, Special Milk Program for Children
CFDA Number: 10.553, 10.555, 10.556
Federal Award Number and Year (or Other Identifying Number): 3335
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 Reporting compliance requirement. In addition, our testing revealed that the School Food Authority (SFA) Verification Collection Report, Sponsor Claims (claim for reimbursement), and the Annual Financial Report (AFR) completed by the School Corporation did not agree to the School Corporation's supporting documentation or financial records.

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

Context

Management had not established an internal control to ensure the accuracy of the reports, such as a secondary review, oversight, or approval process.

Three applications should have had a status change due to no response from the applicant; however, the School Food Authority (SFA) Verification Collection Report documented zero applications requiring a status change. The AFRs contained errors in the reported revenue, expenses, and beginning/ending balances. Total revenue and expense amounts were understated and beginning and ending balances were overstated on the 2013-2014 AFR. For the 2014-2015 AFR, the total revenue, expenses, and beginning/ending balances were overstated when compared to the School Corporation's financial records.

Criteria

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

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

7 CFR 245.6a(j) states in part:

"*Adverse action.* If verification activities fail to confirm eligibility for free or reduced price benefits or should the household fail to cooperate with verification efforts, the school or local educational agency shall reduce or terminate benefits, as applicable, as follows: Ten days advance notification shall be provided to households that are to receive a reduction or termination of benefits, prior to the actual reduction or termination. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Indiana Department of Education's General Guidelines for the AFR states in part:

". . . All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used. . . ."

Cause

Management had not developed a system of internal controls over the Reporting compliance requirements, which would have prevented, or detected and corrected, material noncompliance.

Effect

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

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Reporting compliance requirement to ensure that compliance is met and reports are accurate.

Views of Responsible Officials

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

**FINDING 2015-004 - SPECIAL TESTS AND PROVISIONS - VERIFICATION
OF FREE AND REDUCED APPLICATIONS (NSLP)**

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School
Lunch Program, Special Milk Program for Children
CFDA Numbers: 10.553, 10.555, 10.556
Federal Award Number and Year (or Other Identifying Number): 3335
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 Special Tests and Provisions - Verification of Free and Reduced Applications (NSLP) compliance requirement. Three applications did not make the necessary status changes once the verification was complete.

Context

Documentation presented for audit indicated that the School Corporation had not received a response from the applicants of three of the applications from the 2013-2014 school year. Eligibility documentation abstracted from the school food service electronic system indicated that the status of these applications were still either free or reduced.

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. . . ."

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

7 CFR 245.6a (f)(4) states:

"Household cooperation. If a household refuses to cooperate with efforts to verify, eligibility for free or reduced price benefits shall be terminated in accordance with paragraph (j) of this section. Households which refuse to complete the verification process and which are consequently determined ineligible for such benefits . . ."

Cause

Management had not developed a system of internal controls over the Special Test and Provisions - Verifications of Free and Reduced Applications (NSLP) compliance requirement, which would have prevented, or detected and corrected, material noncompliance.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance of the grant agreement and 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 related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Applications (NSLP) compliance requirement to ensure that compliance is met and verification is completed properly.

Views of Responsible Officials

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

FINDING 2015-005 - SPECIAL TESTS AND PROVISIONS - PAID LUNCH EQUITY

Federal Agency: Department of Agriculture
Federal Program: National School Lunch Program
CFDA Number: 10.555
Federal Award Number and Year (or Other Identifying Number): 3335
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 Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Context

The School Corporation had not implemented an effective internal control system to ensure the accuracy of the paid lunch equity calculations, such as proper oversight, review, or approval process.

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

Criteria

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

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

Cause

Management had not developed a system of internal controls over the Special Tests and Provisions - Paid Lunch Equity compliance requirement, which would have prevented, or detected and corrected, material noncompliance.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Special Tests and Provisions - Paid Lunch Equity compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

Mill Creek Community School Corporation

6631 S. CR 200 W· Clayton, IN 46118



Administrative Services Center
317-539-9200· Fax: 844-303-1811

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-002 - NONCOMPLIANCE WITH INTERNAL CONTROLS OVER SPECIAL TESTS - VERIFICATION OF FREE AND REDUCED APPLICATIONS

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, Lori Bennett, Treasurer, and Director of Child Nutrition, Aramark

Contact Phone Number: 317-539-9200

Status of Audit Finding:

The Superintendent, or business office designee, will review and approve a sample of Free and Reduced applications upon initial review and approval from our Director of Child Nutrition. In addition, these officials will re-verify at least 3% (3 percent) of the approved applications. These controls will establish compliance with the grant agreement and the Special Test and Provisions requirements.

The re-verification process will begin by December 2017.

A handwritten signature in black ink, appearing to be "CJA", written over a horizontal line.

(Signature)

Superintendent

(Title)

9-19-17

(Date)



CORRECTIVE ACTION PLAN

FINDING 2015-001 – ALLOWABLE COSTS/COST PRINCIPLES

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer, and Director of Child Nutrition, Aramark
Contact Phone Number: 317-539-0020

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Superintendent, or business office designee, will conduct semi-annual certifications of charges for salaries and wages with food service employees who worked solely on the Child Nutrition program. The employee or supervisory official having first-hand knowledge of the work performed by the employee will sign the certification to be prepared and maintained by Mill Creek Community School Corporation. These controls will establish compliance with the grant and the Allowable Costs/Cost Principles.

Anticipated Completion Date: October 20, 2017

FINDING 2016-002 – CASH MANAGEMENT

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer, and Director of Child Nutrition, Aramark

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Superintendent, or business office designee, with respect to the food service fund, will limit its net cash resource to an amount that does not exceed three months average expenditure. Monthly fund reports will be analyzed and assessed to meet or exceed the net cash resource amount. Expenditures for equipment in the Child Nutrition program are planned. These controls will establish compliance with the grant agreement and the Cash Management requirement.

Anticipated Completion Date: December 31, 2017

Mill Creek Community School Corporation

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FINDING 2016-003 – REPORTING

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer, and Director of Child Nutrition, Aramark

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

With new knowledge of 7 CFR section 245.6a(h), and the verification and recordkeeping requirements of the Child Nutrition Program, the Superintendent, or business office designee, will review and approve the monthly claim for reimbursement, the annual financial report, and the annual verification summary. These controls will establish compliance with grant agreement and the reporting requirement.

Anticipated Completion Date: October 6, 2017

FINDING 2015-004 – SPECIAL TEST & PROVISIONS – VERIFICATION OF FREE AND REDUCED APPLICATIONS

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer, and Director of Child Nutrition, Aramark

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Superintendent, or business office designee, will review and approve a sample of Free and Reduced applications upon initial review and approval from our Director of Child Nutrition. In addition, these officials will re-verify at least 3% (3 percent) of the approved applications. These controls will establish compliance with the grant agreement and the Special Test and Provisions requirements.

Anticipated Completion Date: The control has been established by December, 2017.

Mill Creek Community School Corporation

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FINDING 2015-005 – SPECIAL TEST & PROVISIONS – PAID LUNCH EQUITY

Contact Person Responsible for Corrective Action: Jim Diagostino, Superintendent, and Lori Bennett, Treasurer, Director of Child Nutrition, Aramark, and MCCSC Board of Trustees

Contact Phone Number: 317-539-9200

Views of Responsible Official: We agree with the finding.

Description of Corrective Action Plan:

The Superintendent, or business office designee, will review and approve the Paid Lunch Equity upon initial review and approval from our Director of Child Nutrition. The Paid Lunch Equity documentation will be reviewed and approved by the Mill Creek School Community School Corporation Board of Trustees. These controls will establish compliance with the grant agreement and the Special Test Provision requirement.

Anticipated Completion Date: June 13, 2018

A handwritten signature in black ink, appearing to be "CJA", written over a horizontal line.

(Signature)

Superintendent

(Title)

9-19-17

(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/>.