

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
LAKE COUNTY, INDIANA

July 1, 2015 to June 30, 2017



**FILED**  
05/10/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Hilda Damianick Amy Tarr	07-01-15 to 02-07-16 02-08-16 to 06-30-17
Assistant Superintendent of Business Affairs/Treasurer	Hilda Damianick	07-01-17 to 06-30-18
Superintendent of Schools	Dr. Tony Lux Jeffery T. Studebaker Michael Berta	07-01-15 to 02-24-16 02-25-16 to 06-30-17 07-01-17 to 06-30-18
President of the School Board	Mark S. Lucas Thomas Bainbridge Mark S. Lucas	07-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Merrillville Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

***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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

*Other Information*

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued a report dated April 16, 2018, 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 solely 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 effectiveness of the School Corporation's 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

April 16, 2018



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Merrillville Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated April 16, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-002, that we consider to be material weaknesses.

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**

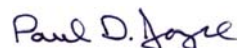
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 items 2017-001 and 2017-002.

**Merrillville Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

April 16, 2018

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 5,558,978	\$ 45,891,784	\$ 43,220,090	\$ (151,275)	\$ 8,079,397	\$ 45,236,826	\$ 43,253,041	\$ (67,038)	\$ 9,996,144
Debt Service	1,150,565	1,929,590	1,925,062	(26,274)	1,128,819	1,747,140	1,780,253	(390,059)	705,647
Exempt Debt	8,833,903	13,834,479	13,403,500	(385,099)	8,879,783	11,801,717	13,402,000	-	7,279,500
Exempt Pension Debt	894,753	1,203,334	1,443,431	(28,202)	626,454	597,265	946,095	-	277,624
Capital Projects	5,990,767	6,295,775	5,526,376	(135,078)	6,625,088	5,871,819	9,585,967	(479,974)	2,430,966
School Transportation	2,554,463	5,180,115	4,033,577	(1,255,682)	2,445,319	4,725,284	4,120,646	(1,825,000)	1,224,957
School Bus Replacement	1,960,398	1,038,498	-	(16,850)	2,982,046	769,841	1,469,332	-	2,282,555
Rainy Day	7,907,995	-	377,458	1,850,000	9,380,537	-	949,108	2,304,974	10,736,403
Retirement/Severance Bond	3,739,283	159,058	246,854	-	3,651,487	95,413	194,700	-	3,552,200
Construction	-	-	-	-	-	-	-	-	-
School Lunch	850,481	4,230,638	4,172,968	-	908,151	4,255,395	4,106,104	-	1,057,442
Textbook Rental	1,369,198	671,171	656,021	-	1,384,348	787,177	805,273	390,059	1,756,311
Self-Insurance	6,612,501	6,696,864	7,857,306	-	5,452,059	7,331,301	7,097,284	-	5,686,076
Levy Excess	-	2,815	-	(2,815)	-	-	-	-	-
Educational License Plates	11,808	806	-	-	12,614	863	2,606	-	10,871
Alternative Education	3,983	36,720	173,980	133,279	2	86,601	153,573	66,970	-
SAFE School Haven	-	-	-	-	-	8,735	12,570	-	(3,835)
MASH Grant 2013/2014	2,111	-	-	-	2,111	-	-	-	2,111
MASH Grant 2014/2015	(6,349)	6,991	-	-	642	-	-	-	642
MASH Grant 2015/2016	-	6,568	9,835	-	(3,267)	3,776	509	-	-
Early Intervention 2014/2015	20	-	-	-	20	-	-	-	20
Early Intervention 2015	8,892	-	9,404	512	-	-	-	-	-
Early Intervention 2016	-	50,001	50,146	145	-	-	-	-	-
Early Intervention 2017	-	8,981	-	-	8,981	53,887	62,868	-	-
Early Intervention 2018	-	-	-	-	-	31,365	755	-	30,610
Lilly Endowment	-	-	-	-	-	50,000	27,820	-	22,180
Scholarships and Awards	77,513	-	-	-	77,513	-	-	-	77,513
Schrenker Scholarship	26	-	-	-	26	-	-	-	26
PEPSI Scholarship	1,000	-	-	-	1,000	-	-	-	1,000
VESA Scholarship	2,415	-	-	-	2,415	-	-	-	2,415
Ratzska-Stochel Scholarship	20,763	-	-	-	20,763	-	-	-	20,763
MEF Grants	25,692	23,442	26,021	-	23,113	22,737	23,739	-	22,111
FEA Scholarship	9,703	-	1,544	-	8,159	-	360	-	7,799
LASS Grant	4,025	-	-	-	4,025	-	-	-	4,025
Rotary Club Scholarship	2,002	-	2,002	-	-	-	-	-	-
Special Education Olympics	-	-	-	-	-	5,000	873	-	4,127
LASS (Small Learning Comm)	44,029	-	-	-	44,029	-	-	-	44,029
Djukic Scholarship	6,550	-	-	-	6,550	-	-	-	6,550
MHS Dollars for Scholars	25,374	-	-	-	25,374	-	-	-	25,374
Miscellaneous Programs	1,033	-	-	-	1,033	-	-	-	1,033
COSEBOC	7,863	-	2,400	-	5,463	-	950	-	4,513
Geminus Grant	-	28,500	90	-	28,410	38,000	28,092	-	38,318
Wellness Fund	28,038	175	-	-	28,213	40	-	-	28,253
College Success	403	-	-	-	403	-	36	-	367
Pepsi - Central	956	-	-	-	956	-	-	-	956
Project Lead the Way 2015/2018	14,984	-	15,219	235	-	-	-	-	-
Project Lead the Way 2016/2018	-	10,000	832	-	9,168	-	6,603	-	2,565

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH  
AND INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Vending Transportation	248	56	287	-	17	231	-	-	248
Pepsi - Transportation	118,151	-	118,151	-	-	-	-	-	-
College/Career	-	310,332	247,288	-	63,044	-	63,044	-	-
College/Career 2016	-	-	-	-	-	310,000	83,068	-	226,932
Formative Assessment	-	56,121	-	-	56,121	63,324	119,445	-	-
Teacher Quality Improvement Program	5,201	-	-	-	5,201	-	-	-	5,201
Adult Ed	(10,620)	116,595	126,452	20,477	-	122,696	102,400	-	20,296
Drug Free Communities	4,500	11,400	9,474	-	6,426	15,200	12,690	-	8,936
Secured Schools Safety Grant	-	-	100,000	-	(100,000)	100,000	-	-	-
Non-English Speaking Programs 10-11	205	-	-	-	205	-	-	-	205
Non-English Speaking Programs 15-16	-	34,402	34,402	-	-	-	-	-	-
Non-English Speaking Programs 16-17	-	-	-	-	-	33,410	31,200	-	2,210
School Technology	228,398	29,736	-	-	258,134	20,284	-	-	278,418
Career and Technical Performance Grant	-	-	-	-	-	16,872	9,837	-	7,035
Performance Based Grant	-	-	-	-	-	313,666	313,666	-	-
Daycare	48,630	16,010	29,374	-	35,266	-	-	-	35,266
Early Learners	3,059	-	-	-	3,059	-	-	-	3,059
Insurance Reserve	1,075,004	-	-	-	1,075,004	-	-	-	1,075,004
Graphic Arts	-	17,549	17,549	-	-	15,290	15,290	-	-
Title I Pt A School Improvement 2014/2015	(17,424)	34,973	17,549	-	-	-	-	-	-
Title I Pt D 2016/2017	-	-	-	-	-	110,557	164,919	-	(54,362)
Title I Pt D 2014/2015	(64,631)	138,961	74,330	-	-	-	-	-	-
Title I Pt D 2015/2016	-	-	161,404	-	(161,404)	277,056	115,652	-	-
Title I 2014/2015	(374,380)	908,051	533,671	-	-	-	-	-	-
Title I 2015/2016	-	861,913	1,337,906	-	(475,993)	852,204	376,279	68	-
Title I 2016/2017	-	-	-	-	-	933,271	1,282,244	-	(348,973)
CTE Perkins Grant 2015/2016	-	-	47,732	-	(47,732)	114,292	66,489	-	71
CTE Perkins Grant 2016/2017	-	-	-	-	-	60,528	105,228	-	(44,700)
Drug Free	4,129	-	-	-	4,129	-	-	-	4,129
Title II School Improvement 2013/2015	(9,006)	57,301	48,295	-	-	-	-	-	-
Title II Pt A 2014/2016	-	-	47,666	-	(47,666)	110,416	62,750	-	-
Title II Pt A 2015/2017	-	-	-	-	-	-	80,524	-	(80,524)
Title III - English Proficiency Migrant	-	-	-	-	-	-	-	-	-
Title III Pt A 2014/2016	(10,859)	14,520	3,661	-	-	-	-	-	-
Title III Pt A 2015/2017	-	-	29,584	-	(29,584)	30,709	3,672	-	(2,547)
Title III Pt A 2016/2018	-	-	-	-	-	-	14,756	-	(14,756)
STEM Grant 2014/2015	(63,456)	148,645	85,189	-	-	-	-	-	-
STEM Grant 2015/2016	-	700	63,558	-	(62,858)	122,446	59,588	-	-
Qualified Zone Academy Bond	253,748	-	253,748	-	-	-	-	-	-
Prepaid Food	19,370	822,374	818,289	-	23,455	821,252	825,764	-	18,943
Payroll Clearing	329,902	10,821,203	10,800,953	-	350,152	11,171,376	11,052,595	-	468,933
Flex Spending	9,364	48,284	46,584	-	11,064	46,174	41,781	-	15,457
<b>Totals</b>	<b>\$ 49,265,652</b>	<b>\$ 101,755,431</b>	<b>\$ 98,207,212</b>	<b>\$ 3,373</b>	<b>\$ 52,817,244</b>	<b>\$ 99,181,436</b>	<b>\$ 103,034,038</b>	<b>\$ -</b>	<b>\$ 48,964,642</b>

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

School Corporation, as used herein, shall include, but is not limited to, 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.

MERRILLVILLE 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 services.* 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:

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

*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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**Note 4. Deposits and Investments**

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, 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.

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

*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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of grant funds waiting for reimbursement.

**Note 8. Holding Corporation**

The School Corporation has entered into capital leases with the Merrillville Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2016 and 2017, totaled \$9,643,000 and \$14,641,000, respectively.

**Note 9. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the following benefits: medical, dental, and vision benefits. 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 Indiana Gateway for Government Units 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.

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 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 5,558,978	\$ 1,150,565	\$ 8,833,903	\$ 894,753	\$ 5,990,767	\$ 2,554,463	\$ 1,960,398
Receipts:							
Local sources	1,012,607	1,929,590	13,834,479	1,203,334	6,295,775	5,165,125	1,038,498
Intermediate sources	161,740	-	-	-	-	-	-
State sources	44,658,103	-	-	-	-	-	-
Federal sources	59,334	-	-	-	-	-	-
Other receipts	-	-	-	-	-	14,990	-
Total receipts	45,891,784	1,929,590	13,834,479	1,203,334	6,295,775	5,180,115	1,038,498
Disbursements:							
Instruction	30,055,834	-	-	-	-	-	-
Support services	12,519,594	-	-	-	3,328,686	4,033,577	-
Noninstructional services	640,852	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	2,197,690	-	-
Debt services	-	1,925,062	13,403,500	1,443,431	-	-	-
Nonprogrammed charges	3,810	-	-	-	-	-	-
Total disbursements	43,220,090	1,925,062	13,403,500	1,443,431	5,526,376	4,033,577	-
Excess (deficiency) of receipts over disbursements	2,671,694	4,528	430,979	(240,097)	769,399	1,146,538	1,038,498
Other financing sources (uses):							
Sale of capital assets	3,373	-	-	-	-	-	-
Transfers in	1,800	175,740	-	-	-	704,933	-
Transfers out	(156,448)	(202,014)	(385,099)	(28,202)	(135,078)	(1,960,615)	(16,850)
Total other financing sources (uses)	(151,275)	(26,274)	(385,099)	(28,202)	(135,078)	(1,255,682)	(16,850)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,520,419	(21,746)	45,880	(268,299)	634,321	(109,144)	1,021,648
Cash and investments - ending	\$ 8,079,397	\$ 1,128,819	\$ 8,879,783	\$ 626,454	\$ 6,625,088	\$ 2,445,319	\$ 2,982,046

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	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 7,907,995	\$ 3,739,283	\$ -	\$ 850,481	\$ 1,369,198	\$ 6,612,501	\$ -
Receipts:							
Local sources	-	159,058	-	1,130,403	345,969	6,696,864	2,815
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	267,807	325,202	-	-
Federal sources	-	-	-	2,830,188	-	-	-
Other receipts	-	-	-	2,240	-	-	-
Total receipts	-	159,058	-	4,230,638	671,171	6,696,864	2,815
Disbursements:							
Instruction	315,676	11,020	-	-	-	-	-
Support services	61,782	235,834	-	4,218	656,021	143,851	-
Noninstructional services	-	-	-	4,168,750	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	7,713,455	-
Total disbursements	377,458	246,854	-	4,172,968	656,021	7,857,306	-
Excess (deficiency) of receipts over disbursements	(377,458)	(87,796)	-	57,670	15,150	(1,160,442)	2,815
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	1,850,000	-	-	-	175,740	-	702,118
Transfers out	-	-	-	-	(175,740)	-	(704,933)
Total other financing sources (uses)	1,850,000	-	-	-	-	-	(2,815)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,472,542	(87,796)	-	57,670	15,150	(1,160,442)	-
Cash and investments - ending	\$ 9,380,537	\$ 3,651,487	\$ -	\$ 908,151	\$ 1,384,348	\$ 5,452,059	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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	Educational License Plates	Alternative Education	SAFE School Haven	MASH Grant 2013/2014	MASH Grant 2014/2015	MASH Grant 2015/2016	Early Intervention 2014/2015
Cash and investments - beginning	\$ 11,808	\$ 3,983	\$ -	\$ 2,111	\$ (6,349)	\$ -	\$ 20
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	806	-	-	-	-	-	-
State sources	-	36,720	-	-	6,991	6,568	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	806	36,720	-	-	6,991	6,568	-
Disbursements:							
Instruction	-	173,980	-	-	-	-	-
Support services	-	-	-	-	-	9,835	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	173,980	-	-	-	9,835	-
Excess (deficiency) of receipts over disbursements	806	(137,260)	-	-	6,991	(3,267)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	133,279	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	133,279	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	806	(3,981)	-	-	6,991	(3,267)	-
Cash and investments - ending	\$ 12,614	\$ 2	\$ -	\$ 2,111	\$ 642	\$ (3,267)	\$ 20

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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	Early Intervention 2015	Early Intervention 2016	Early Intervention 2017	Early Intervention 2018	Lilly Endowment	Scholarships and Awards	Schrenker Scholarship
Cash and investments - beginning	\$ 8,892	\$ -	\$ -	\$ -	\$ -	\$ 77,513	\$ 26
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	50,001	8,981	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	50,001	8,981	-	-	-	-
Disbursements:							
Instruction	9,404	50,000	-	-	-	-	-
Support services	-	146	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	9,404	50,146	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(9,404)	(145)	8,981	-	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	512	145	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	512	145	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,892)	-	8,981	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 8,981	\$ -	\$ -	\$ 77,513	\$ 26

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	PEPSI Scholarship	VESA Scholarship	Ratzka- Stochel Scholarship	MEF Grants	FEA Scholarship	LASS Grant	Rotary Club Scholarship
Cash and investments - beginning	\$ 1,000	\$ 2,415	\$ 20,763	\$ 25,692	\$ 9,703	\$ 4,025	\$ 2,002
Receipts:							
Local sources	-	-	-	23,442	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	23,442	-	-	-
Disbursements:							
Instruction	-	-	-	26,021	-	-	2,002
Support services	-	-	-	-	1,544	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	26,021	1,544	-	2,002
Excess (deficiency) of receipts over disbursements	-	-	-	(2,579)	(1,544)	-	(2,002)
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	-	-	-	(2,579)	(1,544)	-	(2,002)
Cash and investments - ending	\$ 1,000	\$ 2,415	\$ 20,763	\$ 23,113	\$ 8,159	\$ 4,025	\$ -

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	Special Education Olympics	LASS (Small Learning Comm)	Djukic Scholarship	MHS Dollars for Scholars	Miscellaneous Programs	COSEBOC	Geminus Grant
Cash and investments - beginning	\$ -	\$ 44,029	\$ 6,550	\$ 25,374	\$ 1,033	\$ 7,863	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	28,500
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	28,500
Disbursements:							
Instruction	-	-	-	-	-	2,400	90
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	2,400	90
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(2,400)	28,410
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	-	-	-	-	-	(2,400)	28,410
Cash and investments - ending	\$ -	\$ 44,029	\$ 6,550	\$ 25,374	\$ 1,033	\$ 5,463	\$ 28,410

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	Wellness Fund	College Success	Pepsi - Central	Project Lead the Way 2015/2018	Project Lead the Way 2016/2018	Vending Transportation	Pepsi - Transportation
Cash and investments - beginning	\$ 28,038	\$ 403	\$ 956	\$ 14,984	\$ -	\$ 248	\$ 118,151
Receipts:							
Local sources	175	-	-	-	10,000	56	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	175	-	-	-	10,000	56	-
Disbursements:							
Instruction	-	-	-	15,219	832	-	116,183
Support services	-	-	-	-	-	287	1,968
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	15,219	832	287	118,151
Excess (deficiency) of receipts over disbursements	175	-	-	(15,219)	9,168	(231)	(118,151)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	235	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	235	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	175	-	-	(14,984)	9,168	(231)	(118,151)
Cash and investments - ending	\$ 28,213	\$ 403	\$ 956	\$ -	\$ 9,168	\$ 17	\$ -

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	College/ Career	College/ Career 2016	Formative Assessment	Teacher Quality Improvement Program	Adult Ed	Drug Free Communities	Secured Schools Safety Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 5,201	\$ (10,620)	\$ 4,500	\$ -
Receipts:							
Local sources	310,332	-	-	-	116,595	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	56,121	-	-	11,400	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	310,332	-	56,121	-	116,595	11,400	-
Disbursements:							
Instruction	196,442	-	-	-	126,452	9,074	-
Support services	50,846	-	-	-	-	400	100,000
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	247,288	-	-	-	126,452	9,474	100,000
Excess (deficiency) of receipts over disbursements	63,044	-	56,121	-	(9,857)	1,926	(100,000)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	20,477	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	20,477	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,044	-	56,121	-	10,620	1,926	(100,000)
Cash and investments - ending	\$ 63,044	\$ -	\$ 56,121	\$ 5,201	\$ -	\$ 6,426	\$ (100,000)

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	Non-English Speaking Programs 10-11	Non-English Speaking Programs 15-16	Non-English Speaking Programs 16-17	School Technology	Career and Technical Performance Grant	Performance Based Grant	Daycare
Cash and investments - beginning	\$ 205	\$ -	\$ -	\$ 228,398	\$ -	\$ -	\$ 48,630
Receipts:							
Local sources	-	-	-	-	-	-	16,010
Intermediate sources	-	-	-	-	-	-	-
State sources	-	34,402	-	29,736	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	34,402	-	29,736	-	-	16,010
Disbursements:							
Instruction	-	34,402	-	-	-	-	28,986
Support services	-	-	-	-	-	-	388
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	34,402	-	-	-	-	29,374
Excess (deficiency) of receipts over disbursements	-	-	-	29,736	-	-	(13,364)
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	-	-	-	29,736	-	-	(13,364)
Cash and investments - ending	\$ 205	\$ -	\$ -	\$ 258,134	\$ -	\$ -	\$ 35,266

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2016

	Early Learners	Insurance Reserve	Graphic Arts	Title I Pt A School Improvement 2014/2015	Title I Pt D 2016/2017	Title I Pt D 2014/2015	Title I Pt D 2015/2016
Cash and investments - beginning	\$ 3,059	\$ 1,075,004	\$ -	\$ (17,424)	\$ -	\$ (64,631)	\$ -
Receipts:							
Local sources	-	-	17,549	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	34,973	-	138,961	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	17,549	34,973	-	138,961	-
Disbursements:							
Instruction	-	-	17,549	-	-	61,034	128,383
Support services	-	-	-	17,549	-	12,245	33,021
Noninstructional services	-	-	-	-	-	1,051	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	17,549	17,549	-	74,330	161,404
Excess (deficiency) of receipts over disbursements	-	-	-	17,424	-	64,631	(161,404)
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	-	-	-	17,424	-	64,631	(161,404)
Cash and investments - ending	\$ 3,059	\$ 1,075,004	\$ -	\$ -	\$ -	\$ -	\$ (161,404)

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	CTE Perkins Grant 2015/2016	CTE Perkins Grant 2016/2017	Drug Free	Title II School Improvement 2013/2015
Cash and investments - beginning	\$ (374,380)	\$ -	\$ -	\$ -	\$ -	\$ 4,129	\$ (9,006)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	908,051	861,913	-	-	-	-	57,301
Other receipts	-	-	-	-	-	-	-
Total receipts	908,051	861,913	-	-	-	-	57,301
Disbursements:							
Instruction	466,170	1,075,532	-	47,732	-	-	48,295
Support services	57,555	254,717	-	-	-	-	-
Noninstructional services	9,946	7,657	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	533,671	1,337,906	-	47,732	-	-	48,295
Excess (deficiency) of receipts over disbursements	374,380	(475,993)	-	(47,732)	-	-	9,006
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	1,800
Transfers out	-	-	-	-	-	-	(1,800)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	374,380	(475,993)	-	(47,732)	-	-	9,006
Cash and investments - ending	\$ -	\$ (475,993)	\$ -	\$ (47,732)	\$ -	\$ 4,129	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	Title II Pt A 2014/2016	Title II Pt A 2015/2017	Title III - English Proficiency Migrant	Title III Pt A 2014/2016	Title III Pt A 2015/2017	Title III Pt A 2016/2018	STEM Grant 2014/2015
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (10,859)	\$ -	\$ -	\$ (63,456)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	14,520	-	-	148,645
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	14,520	-	-	148,645
Disbursements:							
Instruction	47,666	-	-	3,661	29,584	-	-
Support services	-	-	-	-	-	-	85,189
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	47,666	-	-	3,661	29,584	-	85,189
Excess (deficiency) of receipts over disbursements	(47,666)	-	-	10,859	(29,584)	-	63,456
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	(47,666)	-	-	10,859	(29,584)	-	63,456
Cash and investments - ending	\$ (47,666)	\$ -	\$ -	\$ -	\$ (29,584)	\$ -	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	STEM Grant 2015/2016	Qualified Zone Academy Bond	Prepaid Food	Payroll Clearing	Flex Spending	Totals
Cash and investments - beginning	\$ -	\$ 253,748	\$ 19,370	\$ 329,902	\$ 9,364	\$ 49,265,652
Receipts:						
Local sources	-	-	-	-	-	39,337,176
Intermediate sources	-	-	-	-	-	162,546
State sources	-	-	-	-	-	45,492,032
Federal sources	700	-	-	-	-	5,054,586
Other receipts	-	-	822,374	10,821,203	48,284	11,709,091
Total receipts	700	-	822,374	10,821,203	48,284	101,755,431
Disbursements:						
Instruction	-	-	-	-	-	33,099,623
Support services	63,558	253,748	-	-	-	21,926,559
Noninstructional services	-	-	-	-	-	4,828,256
Facilities acquisition and construction	-	-	-	-	-	2,197,690
Debt services	-	-	-	-	-	16,771,993
Nonprogrammed charges	-	-	818,289	10,800,953	46,584	19,383,091
Total disbursements	63,558	253,748	818,289	10,800,953	46,584	98,207,212
Excess (deficiency) of receipts over disbursements	(62,858)	(253,748)	4,085	20,250	1,700	(3,548,219)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	3,373
Transfers in	-	-	-	-	-	3,766,779
Transfers out	-	-	-	-	-	(3,766,779)
Total other financing sources (uses)	-	-	-	-	-	3,373
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(62,858)	(253,748)	4,085	20,250	1,700	3,551,592
Cash and investments - ending	\$ (62,858)	\$ -	\$ 23,455	\$ 350,152	\$ 11,064	\$ 52,817,244

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2017

	General	Debt Service	Exempt Debt	Exempt Pension Debt	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 8,079,397	\$ 1,128,819	\$ 8,879,783	\$ 626,454	\$ 6,625,088	\$ 2,445,319	\$ 2,982,046
Receipts:							
Local sources	324,991	1,747,140	11,801,717	597,265	5,871,819	4,719,862	769,841
Intermediate sources	281,963	-	-	-	-	-	-
State sources	44,550,373	-	-	-	-	-	-
Federal sources	64,758	-	-	-	-	-	-
Other receipts	14,741	-	-	-	-	5,422	-
Total receipts	<u>45,236,826</u>	<u>1,747,140</u>	<u>11,801,717</u>	<u>597,265</u>	<u>5,871,819</u>	<u>4,725,284</u>	<u>769,841</u>
Disbursements:							
Instruction	29,738,280	-	-	-	-	-	-
Support services	12,865,831	-	-	-	6,206,250	4,120,646	1,469,332
Noninstructional services	648,930	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	3,379,717	-	-
Debt services	-	1,780,253	13,402,000	946,095	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>43,253,041</u>	<u>1,780,253</u>	<u>13,402,000</u>	<u>946,095</u>	<u>9,585,967</u>	<u>4,120,646</u>	<u>1,469,332</u>
Excess (deficiency) of receipts over disbursements	<u>1,983,785</u>	<u>(33,113)</u>	<u>(1,600,283)</u>	<u>(348,830)</u>	<u>(3,714,148)</u>	<u>604,638</u>	<u>(699,491)</u>
Other financing sources (uses):							
Transfers in	1	-	-	-	-	-	-
Transfers out	(67,039)	(390,059)	-	-	(479,974)	(1,825,000)	-
Total other financing sources (uses)	<u>(67,038)</u>	<u>(390,059)</u>	<u>-</u>	<u>-</u>	<u>(479,974)</u>	<u>(1,825,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,916,747</u>	<u>(423,172)</u>	<u>(1,600,283)</u>	<u>(348,830)</u>	<u>(4,194,122)</u>	<u>(1,220,362)</u>	<u>(699,491)</u>
Cash and investments - ending	<u>\$ 9,996,144</u>	<u>\$ 705,647</u>	<u>\$ 7,279,500</u>	<u>\$ 277,624</u>	<u>\$ 2,430,966</u>	<u>\$ 1,224,957</u>	<u>\$ 2,282,555</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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	Rainy Day	Retirement/ Severance Bond	Construction	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 9,380,537	\$ 3,651,487	\$ -	\$ 908,151	\$ 1,384,348	\$ 5,452,059	\$ -
Receipts:							
Local sources	-	95,413	-	1,190,246	464,369	7,331,301	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	284,673	322,808	-	-
Federal sources	-	-	-	2,778,236	-	-	-
Other receipts	-	-	-	2,240	-	-	-
Total receipts	-	95,413	-	4,255,395	787,177	7,331,301	-
Disbursements:							
Instruction	294,160	11,020	-	-	-	-	-
Support services	654,948	182,113	-	4,118	805,273	141,427	-
Noninstructional services	-	1,567	-	4,101,986	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	6,955,857	-
Total disbursements	949,108	194,700	-	4,106,104	805,273	7,097,284	-
Excess (deficiency) of receipts over disbursements	(949,108)	(99,287)	-	149,291	(18,096)	234,017	-
Other financing sources (uses):							
Transfers in	2,304,974	-	-	-	390,059	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	2,304,974	-	-	-	390,059	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,355,866	(99,287)	-	149,291	371,963	234,017	-
Cash and investments - ending	\$ 10,736,403	\$ 3,552,200	\$ -	\$ 1,057,442	\$ 1,756,311	\$ 5,686,076	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Educational License Plates	Alternative Education	SAFE School Haven	MASH Grant 2013/2014	MASH Grant 2014/2015	MASH Grant 2015/2016	Early Intervention 2014/2015
Cash and investments - beginning	\$ 12,614	\$ 2	\$ -	\$ 2,111	\$ 642	\$ (3,267)	\$ 20
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	863	-	-	-	-	-	-
State sources	-	86,601	8,735	-	-	3,776	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	863	86,601	8,735	-	-	3,776	-
Disbursements:							
Instruction	2,606	153,573	-	-	-	-	-
Support services	-	-	12,570	-	-	509	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	2,606	153,573	12,570	-	-	509	-
Excess (deficiency) of receipts over disbursements	(1,743)	(66,972)	(3,835)	-	-	3,267	-
Other financing sources (uses):							
Transfers in	-	66,970	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	66,970	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,743)	(2)	(3,835)	-	-	3,267	-
Cash and investments - ending	\$ 10,871	\$ -	\$ (3,835)	\$ 2,111	\$ 642	\$ -	\$ 20

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Early Intervention 2015	Early Intervention 2016	Early Intervention 2017	Early Intervention 2018	Lilly Endowment	Scholarships and Awards	Schrenker Scholarship
Cash and investments - beginning	\$ -	\$ -	\$ 8,981	\$ -	\$ -	\$ 77,513	\$ 26
Receipts:							
Local sources	-	-	-	-	50,000	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	53,887	31,365	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	53,887	31,365	50,000	-	-
Disbursements:							
Instruction	-	-	62,868	755	27,820	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	62,868	755	27,820	-	-
Excess (deficiency) of receipts over disbursements	-	-	(8,981)	30,610	22,180	-	-
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	-	-	(8,981)	30,610	22,180	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 30,610	\$ 22,180	\$ 77,513	\$ 26

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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	PEPSI Scholarship	VESA Scholarship	Ratzska- Stochel Scholarship	MEF Grants	FEA Scholarship	LASS Grant	Rotary Club Scholarship
Cash and investments - beginning	\$ 1,000	\$ 2,415	\$ 20,763	\$ 23,113	\$ 8,159	\$ 4,025	\$ -
Receipts:							
Local sources	-	-	-	22,737	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	22,737	-	-	-
Disbursements:							
Instruction	-	-	-	23,739	-	-	-
Support services	-	-	-	-	360	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	-	23,739	360	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(1,002)	(360)	-	-
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	-	-	-	(1,002)	(360)	-	-
Cash and investments - ending	\$ 1,000	\$ 2,415	\$ 20,763	\$ 22,111	\$ 7,799	\$ 4,025	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
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	Special Education Olympics	LASS (Small Learning Comm)	Djukic Scholarship	MHS Dollars for Scholars	Miscellaneous Programs	COSEBOC	Geminus Grant
Cash and investments - beginning	\$ -	\$ 44,029	\$ 6,550	\$ 25,374	\$ 1,033	\$ 5,463	\$ 28,410
Receipts:							
Local sources	5,000	-	-	-	-	-	38,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	5,000	-	-	-	-	-	38,000
Disbursements:							
Instruction	-	-	-	-	-	950	28,092
Support services	873	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	873	-	-	-	-	950	28,092
Excess (deficiency) of receipts over disbursements	4,127	-	-	-	-	(950)	9,908
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	4,127	-	-	-	-	(950)	9,908
Cash and investments - ending	\$ 4,127	\$ 44,029	\$ 6,550	\$ 25,374	\$ 1,033	\$ 4,513	\$ 38,318

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 For the Year Ended June 30, 2017

	Wellness Fund	College Success	Pepsi - Central	Project Lead the Way 2015/2018	Project Lead the Way 2016/2018	Vending Transportation	Pepsi - Transportation
Cash and investments - beginning	\$ 28,213	\$ 403	\$ 956	\$ -	\$ 9,168	\$ 17	\$ -
Receipts:							
Local sources	40	-	-	-	-	231	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	40	-	-	-	-	231	-
Disbursements:							
Instruction	-	36	-	-	6,603	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	36	-	-	6,603	-	-
Excess (deficiency) of receipts over disbursements	40	(36)	-	-	(6,603)	231	-
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	40	(36)	-	-	(6,603)	231	-
Cash and investments - ending	\$ 28,253	\$ 367	\$ 956	\$ -	\$ 2,565	\$ 248	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	College/ Career	College/ Career 2016	Formative Assessment	Teacher Quality Improvement Program	Adult Ed	Drug Free Communities	Secured Schools Safety Grant
Cash and investments - beginning	\$ 63,044	\$ -	\$ 56,121	\$ 5,201	\$ -	\$ 6,426	\$ (100,000)
Receipts:							
Local sources	-	310,000	-	-	122,696	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	63,324	-	-	15,200	100,000
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	310,000	63,324	-	122,696	15,200	100,000
Disbursements:							
Instruction	54,743	49,921	119,445	-	102,310	12,290	-
Support services	8,301	33,147	-	-	90	400	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	63,044	83,068	119,445	-	102,400	12,690	-
Excess (deficiency) of receipts over disbursements	(63,044)	226,932	(56,121)	-	20,296	2,510	100,000
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	(63,044)	226,932	(56,121)	-	20,296	2,510	100,000
Cash and investments - ending	\$ -	\$ 226,932	\$ -	\$ 5,201	\$ 20,296	\$ 8,936	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Non-English Speaking Programs 10-11	Non-English Speaking Programs 15-16	Non-English Speaking Programs 16-17	School Technology	Career and Technical Performance Grant	Performance Based Grant	Daycare
Cash and investments - beginning	\$ 205	\$ -	\$ -	\$ 258,134	\$ -	\$ -	\$ 35,266
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	33,410	20,284	16,872	313,666	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	33,410	20,284	16,872	313,666	-
Disbursements:							
Instruction	-	-	31,200	-	9,837	313,666	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	31,200	-	9,837	313,666	-
Excess (deficiency) of receipts over disbursements	-	-	2,210	20,284	7,035	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,210	20,284	7,035	-	-
Cash and investments - ending	\$ 205	\$ -	\$ 2,210	\$ 278,418	\$ 7,035	\$ -	\$ 35,266

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Early Learners	Insurance Reserve	Graphic Arts	Title I Pt A School Improvement 2014/2015	Title I Pt D 2016/2017	Title I Pt D 2014/2015	Title I Pt D 2015/2016
Cash and investments - beginning	\$ 3,059	\$ 1,075,004	\$ -	\$ -	\$ -	\$ -	\$ (161,404)
Receipts:							
Local sources	-	-	15,290	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	110,557	-	277,056
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	15,290	-	110,557	-	277,056
Disbursements:							
Instruction	-	-	15,290	-	127,618	-	98,907
Support services	-	-	-	-	24,916	-	16,745
Noninstructional services	-	-	-	-	12,385	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	15,290	-	164,919	-	115,652
Excess (deficiency) of receipts over disbursements	-	-	-	-	(54,362)	-	161,404
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	-	-	-	-	(54,362)	-	161,404
Cash and investments - ending	\$ 3,059	\$ 1,075,004	\$ -	\$ -	\$ (54,362)	\$ -	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	CTE Perkins Grant 2015/2016	CTE Perkins Grant 2016/2017	Drug Free	Title II School Improvement 2013/2015
Cash and investments - beginning	\$ -	\$ (475,993)	\$ -	\$ (47,732)	\$ -	\$ 4,129	\$ -
Receipts:							
Local sources	-	-	-	71	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	852,204	933,271	114,221	60,528	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	852,204	933,271	114,292	60,528	-	-
Disbursements:							
Instruction	-	263,310	1,082,109	66,489	105,228	-	-
Support services	-	102,895	190,082	-	-	-	-
Noninstructional services	-	10,074	10,053	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	376,279	1,282,244	66,489	105,228	-	-
Excess (deficiency) of receipts over disbursements	-	475,925	(348,973)	47,803	(44,700)	-	-
Other financing sources (uses):							
Transfers in	-	68	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	68	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	475,993	(348,973)	47,803	(44,700)	-	-
Cash and investments - ending	\$ -	\$ -	\$ (348,973)	\$ 71	\$ (44,700)	\$ 4,129	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	Title II Pt A 2014/2016	Title II Pt A 2015/2017	Title III - English Proficiency Migrant	Title III Pt A 2014/2016	Title III Pt A 2015/2017	Title III Pt A 2016/2018	STEM Grant 2014/2015
Cash and investments - beginning	\$ (47,666)	\$ -	\$ -	\$ -	\$ (29,584)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	110,416	-	-	-	30,709	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	110,416	-	-	-	30,709	-	-
Disbursements:							
Instruction	62,750	58,256	-	-	3,672	14,756	-
Support services	-	22,268	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	62,750	80,524	-	-	3,672	14,756	-
Excess (deficiency) of receipts over disbursements	47,666	(80,524)	-	-	27,037	(14,756)	-
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	47,666	(80,524)	-	-	27,037	(14,756)	-
Cash and investments - ending	\$ -	\$ (80,524)	\$ -	\$ -	\$ (2,547)	\$ (14,756)	\$ -

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2017

	STEM Grant 2015/2016	Qualified Zone Academy Bond	Prepaid Food	Payroll Clearing	Flex Spending	Totals
Cash and investments - beginning	\$ (62,858)	\$ -	\$ 23,455	\$ 350,152	\$ 11,064	\$ 52,817,244
Receipts:						
Local sources	-	-	-	-	-	35,478,029
Intermediate sources	-	-	-	-	-	282,826
State sources	-	-	-	-	-	45,904,974
Federal sources	122,446	-	-	-	-	5,454,402
Other receipts	-	-	821,252	11,171,376	46,174	12,061,205
Total receipts	122,446	-	821,252	11,171,376	46,174	99,181,436
Disbursements:						
Instruction	-	-	-	-	-	32,942,299
Support services	59,588	-	-	-	-	26,922,682
Noninstructional services	-	-	-	-	-	4,784,995
Facilities acquisition and construction	-	-	-	-	-	3,379,717
Debt services	-	-	-	-	-	16,128,348
Nonprogrammed charges	-	-	825,764	11,052,595	41,781	18,875,997
Total disbursements	59,588	-	825,764	11,052,595	41,781	103,034,038
Excess (deficiency) of receipts over disbursements	62,858	-	(4,512)	118,781	4,393	(3,852,602)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	2,762,072
Transfers out	-	-	-	-	-	(2,762,072)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	62,858	-	(4,512)	118,781	4,393	(3,852,602)
Cash and investments - ending	\$ -	\$ -	\$ 18,943	\$ 468,933	\$ 15,457	\$ 48,964,642

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Merrillville Multi-School Building Corporation	2001/2010Pierce Middle School Improvements	\$ 2,341,000	06/28/2001	12/28/2020
Merrillville Multi-School Building Corporation	2013 A and B Intermediate and Three Elementary Schools Improvements	6,068,500	06/30/2005	12/31/2028
Merrillville Multi-School Building Corporation	2012A Miller Iddings and Central Office Improvements	1,234,000	06/30/2015	12/31/2021
Merrillville Multi-School Building Corporation	2016 Refinance of 2008 Freshman Ctr and MS Additions	<u>4,991,000</u>	12/30/2016	12/31/2030
Total of annual lease payments		<u>\$ 14,634,500</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Pension Bonds of 2015		\$ 2,885,580	\$ 449,946
General obligation bonds	QZAB Bond		809,100	405,107
Notes and loans payable	Common School Loan A1521		<u>66,588</u>	<u>66,921</u>
Totals			<u>\$ 3,761,268</u>	<u>\$ 921,974</u>

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 767,900
Buildings	160,670,602
Improvements other than buildings	3,600,804
Machinery, equipment, and vehicles	<u>18,242,761</u>
Total capital assets	<u>\$ 183,282,067</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 MERRILLVILLE COMMUNITY  
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

**Report on Compliance for Each Major Federal Program**

We have audited the Merrillville Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-004, 2017-005, and 2017-008. 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 the Uniform Guidance, 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 and significant deficiencies.


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 2017-003, 2017-004, 2017-005, 2017-007, and 2017-008 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2017-006 to be a significant deficiency.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

April 16, 2018

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster	Indiana Department of Education	10.553					
School Breakfast Program			2015/2016-4600	\$ -	\$ 906,083	\$ -	\$ -
School Breakfast			2016/2017-4600	-	-	-	869,899
School Breakfast							
Total - School Breakfast Program				-	906,083	-	869,899
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			2015/2016-4600	-	1,753,358	-	-
School Lunch - Commodities			2015/2016-4600	-	244,114	-	-
School Lunch			2016/2017-4600	-	-	-	1,732,333
School Lunch - Commodities			2016/2017-4600	-	-	-	287,277
Total - National School Lunch Program				-	1,997,472	-	2,019,610
Summer Food Service Program for Children	Indiana Department of Education	10.559					
Summer Food Service Program for Children			2015/2016-4600	-	170,747	-	-
Summer Food Service Program for Children			2016/2017-4600	-	-	-	176,004
Total - Summer Food Service Program for Children				-	170,747	-	176,004
Total - Child Nutrition Cluster				-	3,074,302	-	3,065,513
Total - Department of Agriculture				-	3,074,302	-	3,065,513
<u>Department of Education</u>							
Special Education Cluster (IDEA)	Indiana Department of Education	84.027					
Special Education_Grants To States			2016-4600	-	488,716	-	525,082
Special Education- IDEA Part B Section 611			2017-4600	-	850,183	-	1,052,499
Special Education- IDEA Part B Section 611							
Total - Special Education_Grants To States				-	1,338,899	-	1,577,581
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Special Education IDEA Part B Section 619			2016-4600	-	10,969	-	13,814
Special Education IDEA Part B Section 619			2017-4600	-	22,656	-	19,548
Total - Special Education_Preschool Grants				-	33,625	-	33,362
Total - Special Education Cluster (IDEA)				-	1,372,524	-	1,610,943

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I Part A			2014/2015-4600	-	908,051	-	-
Title I Part A			2015/2016-4600	-	861,914	-	852,204
Title I School Improvement			2014/2015-4600	-	34,973	-	-
Title I Part A			2016/2017-4600	-	-	-	933,271
Total - Title I Grants to Local Educational Agencies				-	1,804,938	-	1,785,475
Title I State Agency Program for Neglected and Delinquent Children and Youth	Indiana Department of Education	84.013					
Title I Part D			2014/2015-4600	-	138,961	-	-
Title I Part D			2015/2016-4600	-	-	-	277,056
Title I Part D			2016/2017-4600	-	-	-	110,557
Total - Title I Part D				-	138,961	-	387,613
Total - Title I State Agency Program for Neglected and Delinquent Children and Youth				-	138,961	-	387,613
Career and Technical Education -- Basic Grants to States	Indiana Department of Education	84.048					
Career and Technical Education - Basic Grants to States			2015/2016-4600	-	-	-	114,221
Career and Technical Education - Basic Grants to States			2016/2017-4600	-	-	-	60,528
Total - Career and Technical Education -- Basic Grants to States				-	-	-	174,749
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III Part A, English Language Acquisition State Grants			2014/2016-4600	-	14,520	-	-
Title III Part A, English Language Acquisition State Grants			2015/2017-4600	-	-	-	30,709
Total - English Language Acquisition State Grants				-	14,520	-	30,709
Mathematics and Science Partnerships	Indiana Department of Education	84.366					
Title II Part B Mathematics and Science Partnerships			2014/2016-4600	39,580	148,645	-	-
Title II Part B Mathematics and Science Partnerships			2015/2016-4600	-	700	34,791	122,446
Total - Mathematics and Science Partnerships				39,580	149,345	34,791	122,446
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A, Supporting Effective Instruction State Grants			2013/2015-4600	-	57,301	-	-
Title II Part A, Supporting Effective Instruction State Grants			2014/2016-4600	-	-	-	110,416
Total - Supporting Effective Instruction State Grants				-	57,301	-	110,416
Total - Department of Education				39,580	3,537,589	34,791	4,222,351
Total federal awards expended				\$ 39,580	\$ 6,611,891	\$ 34,791	\$ 7,287,864

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
NOTESTO 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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

**Note 3. Special Education Cooperative**

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

MERRILLVILLE COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I - Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiency identified?	no
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies	Unmodified Unmodified Unmodified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2017-001**

Subject: Financial Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat of Finding 2015-001 from the immediate prior audit.

*Condition*

The School Corporation did not have a proper system of internal controls in place to prevent, or detect and correct, errors on the financial statement.

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

Although reviews were indicated as performed by the Assistant Superintendent of Schools, Superintendent of Schools, and School Board, the reviews did not detect material errors on the financial statement. In addition, supporting documentation or other evidence of these reviews was not provided for audit.

Several of the fund beginning balances reported by the School Corporation did not agree with the audited ending balances from the prior financial statement.

*Context*

The lack of effective controls affected the preparation of the financial statement. Beginning balances reported as of July 1, 2015, differed from audited financial statement balances as of June 30, 2015, as follows:

Fund	Prior Audited Ending Balance June 30, 2015	Unaudited Beginning Balance July 1, 2015	Differences
Debt Service	\$ 1,150,565	\$ 1,001,166	\$ 149,399
Exempt Debt	8,833,903	6,650,180	2,183,723
Exempt Pension Debt	894,753	734,291	160,462
Capital Projects	5,990,767	5,214,383	776,384
School Transportation	2,554,463	1,923,227	631,236
School Bus Replacement	1,960,398	1,863,714	96,684
Levy Excess	-	3,997,899	(3,997,899)

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

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

- Accurate and timely recording of transactions . . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

*Cause*

Management of the School Corporation had not established a proper system of internal control that would have ensured proper reporting of the financial statement.

*Effect*

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

*Recommendation*

We recommended that the School Corporation design and implement a proper system of internal control related to the preparation of an accurate financial statement.

*Views of Responsible Officials*

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

**FINDING 2017-002**

Subject: Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Condition*

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

Although School Corporation officials indicated that reviews were performed by the Assistant Superintendent of Schools, the Superintendent of Schools, and the School Board, supporting documentation or other evidence of these reviews was not provided for audit. In addition, any reviews performed were not effective and allowed material errors to remain on the SEFA presented for audit.

*Context*

The lack of effective controls was a systemic issue and allowed the following errors to occur and not be detected or corrected:

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

- Federal expenditures for the Child Nutrition Cluster included state matching funds of \$24,644 and \$23,044 for the years ended June 30, 2016 and 2017, respectively.
- Special Education Cluster (IDEA) federal expenditures of \$1,372,524 were omitted for the year ended June 30, 2016.
- Mathematics and Science Partnerships federal expenditures of \$122,446 were omitted for the year ended June 30, 2017.
- Mathematics and Science Partnerships amounts of \$39,580 and \$34,791 passed through to subrecipients were omitted for the years ended June 30, 2016 and 2017, respectively.

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

"The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes. . . .

- Accurate and timely recording of transaction . . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must 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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

The School Corporation's management had not established a proper system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

The failure to establish and properly implement internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure accurate reporting of the SEFA.

MERRILLVILLE 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.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2017-003**

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2015/2016-4600, 2016/2017-4600

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Program Income, Special  
Tests and Provisions - Food Service Accounts

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2015-004 from the immediate prior audit.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Food Service Accounts.

*Cash Management (School Breakfast Program and National School Lunch Program only)*

The School Corporation did not have documented controls in place to calculate a three month average of expenditures for comparison to monthly cash balances and to verify that the calculation and comparison was performed.

*Eligibility*

The School Corporation used computer software to determine eligibility. The School Corporation did not have controls in place to ensure that the information used by the computer software was tested and verified.

*Program Income*

The School Corporation had not established controls to ensure amounts collected, deposited, and receipted agreed to the number of paid meals served to ensure that program income was accounted for properly.

*Food Service Accounts*

The School Corporation had not established controls to ensure that amounts transferred from the prepaid food accounts to the sales recorded for the School Lunch fund were the correct amounts transferred and recorded as revenues.

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

*Context*

The lack of controls was a systemic issue 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation had not developed a system of internal controls that segregated key functions to ensure compliance with the grant agreement and the following compliance requirements: Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Food Service Accounts.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls to ensure compliance with the following compliance requirements: Cash Management, Eligibility, Program Income, and Special Tests and Provisions - Food Service Accounts.

*Views of Responsible Officials*

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

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

***FINDING 2017-004***

Subject: Child Nutrition Cluster - Procurement  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children  
CFDA Numbers: 10.553, 10.555, 10.559  
Federal Award Numbers and Years (or Other Identifying Numbers): 2015/2016-4600, 2016/2017-4600  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have internal controls in place to ensure that the purchasing methods used complied with 2 CFR 200.320.

The School Corporation did not obtain price or rate quotes for purchases of snacks exceeding \$3,500, which fell under the small purchase procedures. Furthermore, the School Corporation did not obtain sealed bids for the purchase of produce which exceeded \$150,000.

*Context*

This was a systemic issue 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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

2 CFR 200.320 states in part:

"The non-Federal entity must use one of the following methods of procurement.

(a) Procurement by micro-purchases. Procurement by micro-purchase is the acquisition of supplies or services, the aggregate dollar amount of which does not exceed the micro-purchase threshold (§ 200.67 Micro-purchase). To the extent practicable, the non-Federal entity must distribute micro-purchases equitably among qualified suppliers. Micro-purchases may be awarded without soliciting competitive quotations if the non-Federal entity considers the price to be reasonable.

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources.

(c) Procurement by sealed bids (formal advertising). Bids are publicly solicited and a firm fixed price contract (lump sum or unit price) is awarded to the responsible bidder whose bid, conforming with all the material terms and conditions of the invitation for bids, is the lowest in price. The sealed bid method is the preferred method for procuring construction, if the conditions in paragraph (c)(1) of this section apply.

(1) In order for sealed bidding to be feasible, the following conditions should be present:

(i) A complete, adequate, and realistic specification or purchase description is available;

(ii) Two or more responsible bidders are willing and able to compete effectively for the business; and

(iii) The procurement lends itself to a firm fixed price contract and the selection of the successful bidder can be made principally on the basis of price.

(2) If sealed bids are used, the following requirements apply:

(i) Bids must be solicited from an adequate number of known suppliers, providing them sufficient response time prior to the date set for opening the bids, for local, and tribal governments, the invitation for bids must be publically advertised;

(ii) The invitation for bids, which will include any specifications and pertinent attachments, must define the items or services in order for the bidder to properly respond;

(iii) All bids will be opened at the time and place prescribed in the invitation for bids, and for local and tribal governments, the bids must be opened publicly;

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

(iv) A firm fixed price contract award will be made in writing to the lowest responsive and responsible bidder. Where specified in bidding documents, factors such as discounts, transportation cost, and life cycle costs must be considered in determining which bid is lowest. Payment discounts will only be used to determine the low bid when prior experience indicates that such discounts are usually taken advantage of; and

(v) Any or all bids may be rejected if there is a sound documented reason. . . ."

*Cause*

The School Corporation's management had not established controls which would have ensured compliance with the grant agreement and the procurement requirements of the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with 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 and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-005**

Subject: Child Nutrition Cluster - Reporting

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): 2015/2016-4600, 2016/2017-4600

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2015-004 from the immediate prior audit.

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

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement. The School Corporation did not have controls in place to ensure the accuracy of the Annual Financial Report (AFR). The revenues reported in the AFR for the 2015-2016 fiscal year exceeded the revenues recorded in the ledger by \$320,995 due to reporting student sales in two locations on the AFR.

*Context*

The lack of controls was a systemic issue throughout the audit. The noncompliance was an isolated incident applicable to the 2015-2016 fiscal year AFR.

*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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following . . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements . . .
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*Cause*

The School Corporation had not established a proper internal control system that would have ensured that financial reports submitted agreed to the accounting records maintained by the School Corporation.

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

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and 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 establish controls to ensure compliance and comply with the Reporting compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2017-006**

Subject: Special Education Cluster (IDEA) - Reporting  
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): FY 2016-4600, FY 2017-4600  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Reporting  
Audit Finding: Significant Deficiency

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement.

Effective internal controls were not established for review of two of the three Data Collection Reports:

- Disciplinary Report (formerly Expulsion and Suspension Report) (DOE-ES Report) and Termination Summary Report (DOE-TR).
- The DOE-ES Report was prepared and submitted without a documented review prior to submission.
- The DOE-TR Report was prepared by the Special Education Cooperative based upon information provided by the School Corporation; however, it was submitted without a documented review prior to submission.

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

*Context*

The lack of an effective internal control system related to the Reporting compliance requirement was isolated to the two Data Collection Reports identified in the *Condition*.

*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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation's management had not established a proper internal control structure to ensure compliance with the Reporting compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Reporting compliance requirement.

*Views of Responsible Officials*

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

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

***FINDING 2017-007***

Subject: Title I Grants to Local Educational Agencies - Internal Controls

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): 2014/2015-4600, 2015/2016-4600,  
2016/2017-4600

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2015-005 from the immediate prior audit regarding Eligibility.

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility and Special Tests and Provisions - Assessment System Security compliance requirements.

*Eligibility*

The School Corporation had not established controls to ensure that the eligibility for individuals was properly determined. Students were tested at the building level and their rank was determined upon their test scores; however, there was no documentation of a review of the list of students and test scores to ensure that eligibility and rankings were properly determined.

*Special Tests and Provisions - Assessment System Security*

The School Corporation had not established effective controls to determine that all individuals who came into contact with any tests administered under the Indiana Assessment System were properly trained.

*Context*

The lack of controls was a systemic issue 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. . . ."

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation had not developed a system of internal controls to ensure compliance with the Eligibility and the Special Tests and Provisions - Assessment System Security compliance requirements.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation establish controls related to the grant agreement and the Eligibility and Special Tests and Provisions - Assessment System Security compliance requirements.

*Views of Responsible Officials*

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

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

***FINDING 2017-008***

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Federal Agency: Department of Education  
Federal Program: Title I Grants to Local Education Agencies  
CFDA Number: 84.010  
Federal Award Numbers and Years (or Other Identifying Numbers): 2014/2015-4600, 2015/2016-4600, 2016/2017-4600  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation had not established internal controls to ensure that written supporting documentation was retained to support students' removal from the high school cohort graduation rate for mobility reasons.

The School Corporation did not comply with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate requirement that students removed from the high school cohort graduation rate for mobility reasons have written documentation to support the students' removal from the cohort.

*Context*

The lack of controls and noncompliance were systemic issues throughout the audit period. Of the 28 students tested, 8 did not have proper supporting documentation available for audit.

*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 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

34 CFR 200.19(b) states in part:

"High schools—

(1) *Graduation rate.* Consistent with paragraphs (b)(4) and (b)(5) of this section regarding reporting and determining AYP, respectively, each State must calculate a graduation rate, defined as follows, for all public high schools in the State:

(i)(A) A State must calculate a 'four-year adjusted cohort graduation rate,' defined as the number of students who graduate in four years with a regular high school diploma divided by the number of students who form the adjusted cohort for that graduating class. . . .

(ii) The term 'adjusted cohort' means the students who enter grade 9 (or the earliest high school grade) and any students who transfer into the cohort in grades 9 through 12 minus any students removed from the cohort.

(A) The term "students who transfer into the cohort" means the students who enroll after the beginning of the entering cohort's first year in high school, up to and including in grade 12.

(B) To remove a student from the cohort, a school or LEA must confirm in writing that the student transferred out, emigrated to another country, or is deceased.

(1) To confirm that a student transferred out, the school or LEA must have official written documentation that the student enrolled in another school or in an educational program that culminates in the award of a regular high school diploma. . . .

(2) *Transitional graduation rate.* (i) Prior to the deadline in paragraph (b)(4)(ii)(A) of this section, a State must calculate graduation rate as defined in paragraph (b)(1) of this section or use, on a transitional basis—

(A) A graduation rate that measures the percentage of students from the beginning of high school who graduate with a regular high school diploma in the standard number of years; or . . .

(ii) For a transitional graduation rate calculated under paragraph (b)(2)(i) of this section—

(A) 'Regular high school diploma' has the same meaning as in paragraph (b)(1)(iv) of this section;

(B) 'Standard number of years' means four years unless a high school begins after ninth grade, in which case the standard number of years is the number of grades in the school; and

(C) A dropout may not be counted as a transfer. . . ."

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

*Cause*

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with 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 - Annual Report Card, High School Graduation Rate 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.



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-001 – Financial Transactions and Reporting***

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Hilda Damianick

Contact Phone Number: 219-650-5300

### Status of Audit

#### Finding:

#### 1. Segregation of Duties

The recording/posting of receipts and the bank reconciliation are done by different staff members when possible. When not possible, then the person who posts the receipts runs a receipt report from the financial system and the receipt report is reviewed by a second staff member.

One payroll person entered information into the system and another employee verified the information. The balance report is verification of the information and is kept on file.

Payroll staff runs the Payroll Claims Generated Report which lists the claims generated from the payroll system for the pay period. Another staff member runs a Receipt Detail Report to verify the withholdings that are receipted into the financial system for the pay period.

Vendor disbursements are paid after approval by the Treasurer and the School Board.

#### 2. Preparing Financial Statement

Unknowingly, a field in the financial software was set incorrectly. That setting has been corrected and transactions have not occurred after the submission of Form 9.

#### 3. Monitoring of Controls

While the corporation has established some internal control procedures, it is an on-going process. Various groups of employees have viewed the Internal Controls Videos. Viewing the Internal Controls Video is on the checklist as part of the new hire package.



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2015-002 – ALLOWABLE COSTS/COST PRINCIPLES**

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Colleen Hostetler  
Contact Phone Number: 219-650-5300

Status of Audit Finding: Food service employees at central office have been filling out time sheets that are signed by the employee and approved by the director or designee.

The referenced administrative prorated salary has not been paid from the food service fund since July 2015.



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-003– SPECIAL TESTS AND PROVISIONS – PAID LUNCH EQUITY***

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE

Contact Person Responsible for Corrective Action: Colleen Hostetler

Contact Phone Number: 219-650-5300

Status of Audit Finding: The documentation for the calculation of the paid lunch equity is kept on file. The calculation is reviewed by the director and another food service employee.



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-004 – CHILD NUTRITION CLUSTER***

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Colleen Hostetler  
Contact Phone Number: 219-650-5300

#### Status of Audit Finding:

Account payable vouchers are prepared by food service staff and are then reviewed and approved by the food service director or designee prior to making vendor payments.

In keeping in compliance with cash management requirements, the fund's monthly cash balance will be tracked separately to ensure it does not exceed three months' average expenditures. Cash balances will be reviewed by the director and the assistant director or designee. This control was not implemented until the 17/18 school year.

Revenue is recorded by food service secretary. Revenue report is reviewed and approved by the director or designee. This review process was not full implemented until the 17/18 school Year.

Reporting of the verification summary, the annual financial report, and the monthly claims for reimbursement are done by the food service assistant director or the food service secretary. The information or report is reviewed and approved by the director. The internal controls relating to the Annual Financial Report was not implemented fully until the 17-18 school year.



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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### ***FINDING 2015-005 – Title I Grants to Local Educational Agencies***

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE  
Contact Person Responsible for Corrective Action: Amanda Davis  
Contact Phone Number: 219-650-5300

#### Status of Audit Finding: *Eligibility*

The established controls were not adequate to ensure that eligibility for individuals was properly determined. Procedures will be revised.

#### *Level of Effort*

Unknowingly, a field in the financial software was incorrect. That particular setting has been corrected and transactions cannot be entered once the Form 9 for the six-month period has been submitted.

#### *Reporting and Special Tests*

The final expenditure report, the state per pupil expenditure report, and the comparability report is prepared by the Title I Liaison. Reports are verified and approved by Director of Curriculum/Title I Administrator.



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## CORRECTIVE ACTION PLAN

### FINDING 2017-001

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

Views of Responsible Official: We disagree with the finding.

Description of Corrective Action Plan: We disagree with the finding based on the below information:

In December 2014, the tax collection received by Corporation totaled \$3,997,899 more than the anticipated 2014-levy set by the DLGF. Excess amounts were deposited into the Excess Levy Fund.

Our FY 2013-15 audit occurred between March and May 2016. Auditor informed us that the excess amount should not have been deposited into the Excess Levy Fund and the excess levy needed to be transferred back to the designated funds. Excess amounts were transferred back to the funds in May 2016.

The corporation submits the Form 9 every six months to the DOE. The DOE does not accept corrections to the Form 9 once the DOE has finalized the information for a six-month period.

Additionally, as an internal control measure, we have set a parameter in our financial software that prevents us from making changes to the Form 9 once it has been submitted.

The audited ending balance of 6/30/15 for these funds does not agree with the unaudited beginning balance of 7/1/15 due to the above mentioned timing issue. There was no discrepancy in ending 6/30/16 and 6/30/21017 cash balances for these funds since amounts were transferred and the referenced differences did net out.

In the future, we will compare the audited ending balance to our unaudited beginning balance. Should there be a difference, we will bring it to the attention of the auditors.

Anticipated Completion Date:

July 1, 2018

Hilda Damianick  
Asst. Supt./Business Affairs

4-16-18

Date



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**CORRECTIVE ACTION PLAN**

**FINDING 2017-002**

Contact Person Responsible for Corrective Action: H. Damianick  
Contact Phone Number: 650-5300

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Information entered on various reports will be reviewed more closely.

Anticipated Completion Date: July 1, 2018

Hilda Damianick  
Asst. Supt./Business Affairs

4-16-18

Date



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## CORRECTIVE ACTION PLAN

### FINDING 2017-003

Contact Person Responsible for Corrective Action: Colleen Hostetler  
Contact Phone Number: 219-650-5363

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: **Cash Management**  
Procedure has been implemented to verify that the monthly cash balance does not exceed the average expenditures of a three-month period. Reasons will be noted should exceptions occur.

**Eligibility**  
Food Service staff will verify eligibility status for 1% of the applications on hand. Randomly selected applications to be verified will be generated on a monthly basis by an electronic report created by the technology staff. The procedure for verifying eligibility will be kept on file.

**Program Income**  
Food service staff will generate the monthly activity report and the income/sales/deposit report. Information will be entered into monthly income spreadsheet by the staff. Information will be reviewed and approved by the Director or designee.

**Food Service Account**  
Deputy Treasurer enters the receipts from monthly income spreadsheet and runs a financial receipt report. The Deputy Treasurer currently verifies the totals on the financial receipt report; the Food Service Director or designee will also review these totals.

Anticipated Completion Date: Above procedures will be completed by July 1, 2018.

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Title)

4-16-18  
(Date)



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## CORRECTIVE ACTION PLAN


### FINDING 2017-004

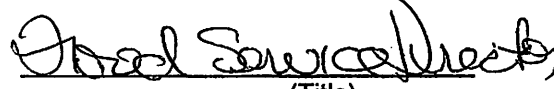
Contact Person Responsible for Corrective Action: Colleen Hostetter  
Contact Phone Number: 219-650-5363

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: Food Service Department will issue a notice to bid and obtain bids for the purchase of produce. Food Service staff will also obtain price or rate quotes for purchases items falling under the small purchase procedure. Additionally, vendors will be checked on the SAMS website for suspension/debarment.

Anticipated Completion Date: July 1, 2018

  
(Signature)

  
(Title)

4-16-18  
(Date)



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## CORRECTIVE ACTION PLAN

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### FINDING 2017-005

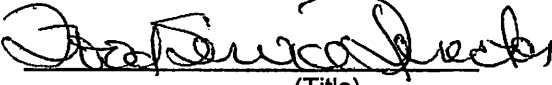
Contact Person Responsible for Corrective Action: Colleen Hostetler  
Contact Phone Number: 219-650-5363

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Food Service Director completes the annual financial report; the Assistant Food Service Director will also review the report. The Director and the Assistant Director will verify accuracy of information. Supporting documentation for information entered on AFR will be kept on file.

Anticipated Completion Date: July 1, 2018

  
(Signature)

  
(Title)

4-16-18  
(Date)



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Ass't Superintendent  
Business Affairs

Marnita Taylor, Ed.S.  
Director, Secondary  
Curriculum & Instruction

Mandy Davis  
Director, Elementary  
Curriculum & Instruction

Jim Doane  
Director, Personnel

Danny Lackey  
Director, Diversity and  
Student Support Services

Colleen Hostetter  
Director  
Food Services

Janis Qualizza  
Athletic Director

Amy Beckham  
Co-Athletic Director  
Director Wellness Services

Joseph Bardeson  
Director  
Maintenance Services

Brad Best  
Director Security

Janelle Bowen  
Director Media Services

Patricia Cunningham  
Director Health Services

Gregory D. Griffith  
Director Transportation

Michael Walthour  
Director  
Technology Services

## BOARD OF SCHOOL TRUSTEES

Mark S. Lucas  
President

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Vice-President

Linda C. Jonaitis  
Secretary

James Donohue  
Member

Judy C. Dunlap  
Member

## CORRECTIVE ACTION PLAN


### FINDING 2017-006

Contact Person Responsible for Corrective Action: B. Snelson  
Contact Phone Number: (219) 650-5300

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The Coordinator of Student Data Services will prepare the preliminary Disciplinary Report. Before the final report is submitted a building administrator will review it.  
  
The Termination Summary Report will be prepared by NISEC, our Special Ed Co-op. Before the final report is submitted a building administrator or the Directors of Curriculum will review the report.

Anticipated Completion Date: July 1, 2018

  
\_\_\_\_\_  
(Signature)

*Coordinator - Student Data Services*  
\_\_\_\_\_  
(Title)

*7/16/2018*  
\_\_\_\_\_  
(Date)



# MERRILLVILLE COMMUNITY SCHOOL CORPORATION

6701 Delaware Street, Merrillville, IN 46410-3586  
(219) 650-5300 FAX (219) 650-5320  
www.mvsc.k12.in.us

## ADMINISTRATION

Michael J. Berta, Jr., Ed.S.  
Superintendent

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Business Affairs

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## CORRECTIVE ACTION PLAN

### FINDING 2017-007

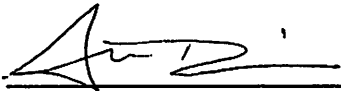
Contact Person Responsible for Corrective Action: A. Davis  
Contact Phone Number: 650-5322

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: *Eligibility*  
We will put into place controls to ensure that the individual student eligibility determinations are assessed properly and that an oversight or review process over the individual eligibility reports has been established. The Title I Administrator or designee will coordinate with building level Title I staff and school secretaries in charge of enrollment to review the individual eligibility reports. This coordination will ensure that children are ranked and served in order and that any child receiving Title I assistance is reported as such.

*Special Tests and Provisions*  
We will put into place controls to ensure that all individuals who come into contact with any tests administered under the Indiana Assessment System are properly trained.

Anticipated Completion Date: July 1, 2018

  
\_\_\_\_\_  
(Signature)

*Director of Elementary Curriculum*  
\_\_\_\_\_  
(Title)

*4/16/18*  
\_\_\_\_\_  
(Date)



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## CORRECTIVE ACTION PLAN

### FINDING 2017-008

Contact Person Responsible for Corrective Action: M. Taylor  
Contact Phone Number: 650-5321

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The High School staff is implementing procedures that will ensure adequate documentation is received to support a student's removal from a cohort. The documentation will be reviewed by a High School administrator and will be kept on file.

Anticipated Completion Date: July 1, 2018

Marnita Taylor  
(Signature)

Director  
(Title)

April 13, 2018  
(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/>.