

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
MORGAN COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
05/25/2018



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Becky Merriman (Vacant) Rhondi Taylor	07-01-14 to 08-29-14 08-30-14 to 08-31-14 09-01-14 to 06-30-18
Superintendent of Schools	David E. Marcotte Randy Taylor	07-01-14 to 06-30-16 07-01-16 to 06-30-18
President of the School Board	William E. Roberson	07-01-14 to 06-30-18



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**INDEPENDENT AUDITOR'S REPORT**

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Mooresville Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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

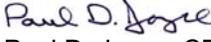
*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 17, 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 17, 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 MOORESVILLE CONSOLIDATED  
SCHOOL CORPORATION, MORGAN 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 Mooresville Consolidated School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 17, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002 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**

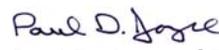
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001.

**Mooresville Consolidated 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 17, 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.

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MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 4,686,516	\$ 26,993,781	\$ 24,783,206	\$ (2,000,000)	\$ 4,897,091	\$ 28,403,169	\$ 25,516,009	\$ (1,900,000)	\$ 5,884,251
Debt Service	179,311	4,472,815	3,903,996	-	748,130	4,268,784	4,205,434	-	811,480
Retirement/Severance Bond Debt Service	73,997	212,301	95,718	-	190,580	386,050	374,358	-	202,272
Capital Projects	1,577,936	2,329,939	2,324,470	-	1,583,405	2,379,375	2,300,990	-	1,661,790
School Transportation	1,162,969	2,476,169	2,103,695	-	1,535,443	2,300,578	2,018,705	-	1,817,316
School Bus Replacement	370,485	423,192	301,139	-	492,538	309,568	315,764	-	486,342
Rainy Day	7,254,542	-	666,657	2,000,000	8,587,885	48,231	1,515,483	1,900,000	9,020,633
Retirement/Severance Bond	874,924	-	837,244	-	37,680	-	37,680	-	-
Construction	2,492	476	-	-	2,968	-	2,800	-	168
Construction 2006	2,199	-	-	-	2,199	-	2,199	-	-
Construction 2010	2,008	-	-	-	2,008	-	2,008	-	-
Construction/MHS 2013B	1,882,461	-	1,783,179	-	99,282	-	57,350	-	41,932
School Lunch	235,841	1,931,342	1,819,265	-	347,918	2,073,608	1,950,762	-	470,764
Textbook Rental	369,521	331,767	246,972	-	454,316	320,691	332,924	-	442,083
South Central Study Council	27,959	8,610	4,720	-	31,849	3,530	4,902	-	30,477
Early Intervention Grant	-	48,123	3,562	-	44,561	22,019	63,216	-	3,364
Waverly Science Grant	500	500	-	-	1,000	-	1,000	-	-
Science Fair American Water	512	-	-	-	512	-	-	-	512
MHS Post-Prom Donation	-	8,990	7,647	-	1,343	-	1,343	-	-
Franciscan Alliance/2015/TURF	-	60,873	-	-	60,873	89,322	33,633	-	116,562
Comm Foundation/Alumni Archives Grant	-	1,000	-	-	1,000	14,190	3,530	-	11,660
Still Water Donation	1,718	1,463	1,961	-	1,220	2,048	1,807	-	1,461
Usage Grant CEC	3,281	-	-	-	3,281	-	-	-	3,281
2016 Scholar Success Grant/PHMS	-	-	-	-	-	1,000	-	-	1,000
Miscellaneous Programs	106	-	-	-	106	-	-	-	106
Generations MHS Project	3	500	503	-	-	500	291	-	209
MCSC Website Sponsors	88	3,100	-	-	3,188	5,688	319	-	8,557
Kendrick Social Skills	11,601	-	11,601	-	-	-	-	-	-
Kendrick Nursing	4,750	724	4,750	-	724	-	488	-	236
Kendrick Vision/Hearing	15,225	-	11,800	-	3,425	-	3,425	-	-
Kendrick Playground	66	-	66	-	-	-	-	-	-
BECP	350	-	200	-	150	-	62	-	88
Tractor Supply Grants/MHS	-	-	-	-	-	1,000	-	-	1,000
United Way Grants	2,665	2,000	1,553	-	3,112	3,000	3,123	-	2,989
Instruction Support	15,571	44,254	53,097	-	6,728	45,975	46,558	-	6,145
Computer Consortium/Advancements	-	412,600	412,600	-	-	423,894	423,839	-	55
Adult and Continuing Education	32,020	42,566	41,475	-	33,111	61,604	73,153	-	21,562
Medicaid Reimbursement	44,463	33,384	-	-	77,847	46,691	-	-	124,538
Secured Schools Safety Grant	(50,000)	50,000	16,362	-	(16,362)	50,000	33,638	-	-
School Technology	86,014	67,300	40,023	-	113,291	8,724	27,844	-	94,171
Technology Planning Grant	-	-	-	-	-	-	-	-	-
Miscellaneous Programs	151,028	88,523	87,414	-	152,137	83,367	94,051	-	141,453
Technology	-	146,220	85,375	-	60,845	150,719	105,928	-	105,636
Consumables	35,334	38,091	22,528	-	50,897	34,685	15,329	-	70,253
McKinney Vento Grants	(3,875)	35,007	39,896	-	(8,764)	44,853	39,252	-	(3,163)
Local Wellness Grant	130	-	-	-	130	-	-	-	130
Title I	(14,101)	377,514	472,110	-	(108,697)	518,658	439,853	-	(29,892)
Serve America	5,659	-	1,877	-	3,782	66	1,177	-	2,671
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(28,982)	705,655	814,732	-	(138,059)	956,995	874,646	-	(55,710)
Special Ed Part B	-	150	150	-	-	-	-	-	-
Spec Ed Part B/Tech Asst	-	1,278	10,519	-	(9,241)	11,664	2,423	-	-
Spec Ed Part B 2014/Old WCJC	-	10,406	10,406	-	-	18,781	18,781	-	-
Pre-School Life Skills	(3,980)	33,401	33,174	-	(3,753)	24,329	22,257	-	(1,681)
Social Service Block Grant - Federal	40,774	63,847	58,615	-	46,006	79,575	51,713	-	73,868
Improving Teacher Quality, No Child Left, Title II, Part A	(32,009)	77,006	49,636	-	(4,639)	73,261	87,942	-	(19,320)
Payroll Clearing	141,681	6,336,157	6,353,035	-	124,803	6,781,567	6,789,300	-	117,070
Pre-Pay Cafeteria	-	-	-	-	-	24,366	-	-	24,366
<b>Totals</b>	<b>\$ 19,163,753</b>	<b>\$ 47,871,024</b>	<b>\$ 47,516,928</b>	<b>\$ -</b>	<b>\$ 19,517,849</b>	<b>\$ 50,072,125</b>	<b>\$ 47,897,289</b>	<b>\$ -</b>	<b>\$ 21,692,685</b>

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

MOORESVILLE CONSOLIDATED 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.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

*F. Other Financing Sources and Uses*

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

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

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

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

MOORESVILLE CONSOLIDATED 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.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teachers' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursement for expenditures made by the School Corporation was not received by June 30, 2016.

**Note 8. Holding Corporations**

The School Corporation has entered into a capital lease with Mooresville Consolidated 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 school years 2014-2015 and 2015-2016 totaled \$2,504,000 and \$1,884,500, respectively.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

The School Corporation has entered into capital leases with Mooresville School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the school years 2014-2015 and 2015-2016 totaled \$395,550 and \$1,206,792, respectively.

The School Corporation has entered into a capital lease with Mooresville Consolidated 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 school years 2014-2015 and 2015-2016 totaled \$717,225 and \$715,000, respectively.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the 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.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 4,686,516	\$ 179,311	\$ 73,997	\$ 1,577,936	\$ 1,162,969	\$ 370,485	\$ 7,254,542	\$ 874,924	\$ 2,492
Receipts:									
Local sources	104,536	4,472,815	212,301	2,329,939	2,473,159	423,192	-	-	-
Intermediate sources	19,471	-	-	-	-	-	-	-	-
State sources	26,869,774	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	3,010	-	-	-	476
Total receipts	26,993,781	4,472,815	212,301	2,329,939	2,476,169	423,192	-	-	476
Disbursements:									
Instruction	16,822,988	-	-	-	-	-	-	-	-
Support services	7,423,651	-	-	1,568,051	2,103,695	301,139	2,050	837,244	-
Noninstructional services	470,353	-	-	-	-	-	-	-	-
Facilities acquisition and construction	66,214	-	-	756,419	-	-	664,607	-	-
Debt service	-	3,903,996	95,718	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	24,783,206	3,903,996	95,718	2,324,470	2,103,695	301,139	666,657	837,244	-
Excess (deficiency) of receipts over disbursements	2,210,575	568,819	116,583	5,469	372,474	122,053	(666,657)	(837,244)	476
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	2,000,000	-	-
Transfers out	(2,000,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,000,000)	-	-	-	-	-	2,000,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	210,575	568,819	116,583	5,469	372,474	122,053	1,333,343	(837,244)	476
Cash and investments - ending	\$ 4,897,091	\$ 748,130	\$ 190,580	\$ 1,583,405	\$ 1,535,443	\$ 492,538	\$ 8,587,885	\$ 37,680	\$ 2,968

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	Construction 2006	Construction 2010	Construction/ MHS 2013B	School Lunch	Textbook Rental	South Central Study Council	Early Intervention Grant	Waverly Science Grant
Cash and investments - beginning	\$ 2,199	\$ 2,008	\$ 1,882,461	\$ 235,841	\$ 369,521	\$ 27,959	\$ -	\$ 500
Receipts:								
Local sources	-	-	-	1,129,806	182,434	8,610	-	500
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	16,794	149,333	-	48,123	-
Federal sources	-	-	-	784,742	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	1,931,342	331,767	8,610	48,123	500
Disbursements:								
Instruction	-	-	-	-	-	-	3,562	-
Support services	-	-	-	674	246,972	4,720	-	-
Noninstructional services	-	-	-	1,818,591	-	-	-	-
Facilities acquisition and construction	-	-	1,783,179	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,783,179	1,819,265	246,972	4,720	3,562	-
Excess (deficiency) of receipts over disbursements	-	-	(1,783,179)	112,077	84,795	3,890	44,561	500
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	-	-	(1,783,179)	112,077	84,795	3,890	44,561	500
Cash and investments - ending	\$ 2,199	\$ 2,008	\$ 99,282	\$ 347,918	\$ 454,316	\$ 31,849	\$ 44,561	\$ 1,000

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Science Fair American Water	MHS Post-Prom Donation	Franciscan Alliance/ 2015/ TURF	Comm Foundation/ Alumni Archives Grant	Still Water Donation	Usage Grant CEC	2016 Scholar Success Grant/ PHMS	Miscellaneous Programs
Cash and investments - beginning	\$ 512	\$ -	\$ -	\$ -	\$ 1,718	\$ 3,281	\$ -	\$ 106
Receipts:								
Local sources	-	8,990	60,873	1,000	1,463	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	8,990	60,873	1,000	1,463	-	-	-
Disbursements:								
Instruction	-	7,647	-	-	-	-	-	-
Support services	-	-	-	-	1,961	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	7,647	-	-	1,961	-	-	-
Excess (deficiency) of receipts over disbursements	-	1,343	60,873	1,000	(498)	-	-	-
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	-	1,343	60,873	1,000	(498)	-	-	-
Cash and investments - ending	\$ 512	\$ 1,343	\$ 60,873	\$ 1,000	\$ 1,220	\$ 3,281	\$ -	\$ 106

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

	Generations MHS Project	MCSC Website Sponsors	Kendrick Social Skills	Kendrick Nursing	Kendrick Vision/ Hearing	Kendrick Playground	BECP	Tractor Supply Grants/MHS
Cash and investments - beginning	\$ 3	\$ 88	\$ 11,601	\$ 4,750	\$ 15,225	\$ 66	\$ 350	\$ -
Receipts:								
Local sources	500	-	-	724	-	-	-	-
Intermediate sources	-	3,100	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	500	3,100	-	724	-	-	-	-
Disbursements:								
Instruction	503	-	-	-	-	-	-	-
Support services	-	-	11,601	4,750	11,800	-	200	-
Noninstructional services	-	-	-	-	-	66	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	503	-	11,601	4,750	11,800	66	200	-
Excess (deficiency) of receipts over disbursements	(3)	3,100	(11,601)	(4,026)	(11,800)	(66)	(200)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3)	3,100	(11,601)	(4,026)	(11,800)	(66)	(200)	-
Cash and investments - ending	\$ -	\$ 3,188	\$ -	\$ 724	\$ 3,425	\$ -	\$ 150	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2015

	United Way Grants	Instruction Support	Computer Consortium/ Advancements	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ 2,665	\$ 15,571	\$ -	\$ 32,020	\$ 44,463	\$ (50,000)	\$ 86,014	\$ 151,028
Receipts:								
Local sources	2,000	-	-	42,566	-	-	-	88,523
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	44,254	412,600	-	33,384	50,000	7,149	-
Federal sources	-	-	-	-	-	-	60,151	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,000	44,254	412,600	42,566	33,384	50,000	67,300	88,523
Disbursements:								
Instruction	1,553	53,097	-	41,475	-	-	-	87,414
Support services	-	-	412,600	-	-	-	40,023	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	16,362	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,553	53,097	412,600	41,475	-	16,362	40,023	87,414
Excess (deficiency) of receipts over disbursements	447	(8,843)	-	1,091	33,384	33,638	27,277	1,109
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	447	(8,843)	-	1,091	33,384	33,638	27,277	1,109
Cash and investments - ending	\$ 3,112	\$ 6,728	\$ -	\$ 33,111	\$ 77,847	\$ (16,362)	\$ 113,291	\$ 152,137

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2015

	Technology	Consumables	McKinney Vento Grants	Local Wellness Grant	Title I	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Part B
Cash and investments - beginning	\$ -	\$ 35,334	\$ (3,875)	\$ 130	\$ (14,101)	\$ 5,659	\$ (28,982)	\$ -
Receipts:								
Local sources	146,220	38,091	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	35,007	-	-	-	-	-
Federal sources	-	-	-	-	377,514	-	705,655	150
Other receipts	-	-	-	-	-	-	-	-
Total receipts	146,220	38,091	35,007	-	377,514	-	705,655	150
Disbursements:								
Instruction	85,375	22,528	39,896	-	351,420	-	794,800	150
Support services	-	-	-	-	96,451	1,877	-	-
Noninstructional services	-	-	-	-	24,239	-	19,932	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	85,375	22,528	39,896	-	472,110	1,877	814,732	150
Excess (deficiency) of receipts over disbursements	60,845	15,563	(4,889)	-	(94,596)	(1,877)	(109,077)	-
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	60,845	15,563	(4,889)	-	(94,596)	(1,877)	(109,077)	-
Cash and investments - ending	\$ 60,845	\$ 50,897	\$ (8,764)	\$ 130	\$ (108,697)	\$ 3,782	\$ (138,059)	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Spec Ed Part B/ Tech Asst	Spec Ed Part B 2014/ Old WCJC	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Clearing	Pre-Pay Cafeteria	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (3,980)	\$ 40,774	\$ (32,009)	\$ 141,681	\$ -	\$ 19,163,753
Receipts:								
Local sources	-	-	-	-	-	-	-	11,728,242
Intermediate sources	-	-	-	-	-	-	-	22,571
State sources	-	-	-	-	-	-	-	27,666,418
Federal sources	1,278	10,406	33,401	63,847	77,006	-	-	2,114,150
Other receipts	-	-	-	-	-	6,336,157	-	6,339,643
Total receipts	1,278	10,406	33,401	63,847	77,006	6,336,157	-	47,871,024
Disbursements:								
Instruction	10,519	10,406	33,174	58,615	-	-	-	18,425,122
Support services	-	-	-	-	49,636	-	-	13,119,095
Noninstructional services	-	-	-	-	-	-	-	2,333,181
Facilities acquisition and construction	-	-	-	-	-	-	-	3,286,781
Debt service	-	-	-	-	-	-	-	3,999,714
Nonprogrammed charges	-	-	-	-	-	6,353,035	-	6,353,035
Total disbursements	10,519	10,406	33,174	58,615	49,636	6,353,035	-	47,516,928
Excess (deficiency) of receipts over disbursements	(9,241)	-	227	5,232	27,370	(16,878)	-	354,096
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	2,000,000
Transfers out	-	-	-	-	-	-	-	(2,000,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,241)	-	227	5,232	27,370	(16,878)	-	354,096
Cash and investments - ending	\$ (9,241)	\$ -	\$ (3,753)	\$ 46,006	\$ (4,639)	\$ 124,803	\$ -	\$ 19,517,849

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
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 For the Year Ended June 30, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 4,897,091	\$ 748,130	\$ 190,580	\$ 1,583,405	\$ 1,535,443	\$ 492,538	\$ 8,587,885	\$ 37,680	\$ 2,968
Receipts:									
Local sources	244,822	4,268,784	386,050	2,379,375	2,300,578	309,568	48,231	-	-
Intermediate sources	8	-	-	-	-	-	-	-	-
State sources	28,158,339	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	28,403,169	4,268,784	386,050	2,379,375	2,300,578	309,568	48,231	-	-
Disbursements:									
Instruction	17,481,587	-	-	-	-	-	-	-	-
Support services	7,512,968	-	-	1,536,771	2,018,705	315,764	592,005	37,680	-
Noninstructional services	488,048	-	-	-	-	-	-	-	-
Facilities acquisition and construction	33,406	-	-	764,219	-	-	923,478	-	2,800
Debt service	-	4,205,434	374,358	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	25,516,009	4,205,434	374,358	2,300,990	2,018,705	315,764	1,515,483	37,680	2,800
Excess (deficiency) of receipts over disbursements	2,887,160	63,350	11,692	78,385	281,873	(6,196)	(1,467,252)	(37,680)	(2,800)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	1,900,000	-	-
Transfers out	(1,900,000)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,900,000)	-	-	-	-	-	1,900,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	987,160	63,350	11,692	78,385	281,873	(6,196)	432,748	(37,680)	(2,800)
Cash and investments - ending	\$ 5,884,251	\$ 811,480	\$ 202,272	\$ 1,661,790	\$ 1,817,316	\$ 486,342	\$ 9,020,633	\$ -	\$ 168

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2016

	Construction 2006	Construction 2010	Construction/ MHS 2013B	School Lunch	Textbook Rental	South Central Study Council	Early Intervention Grant	Waverly Science Grant
Cash and investments - beginning	\$ 2,199	\$ 2,008	\$ 99,282	\$ 347,918	\$ 454,316	\$ 31,849	\$ 44,561	\$ 1,000
Receipts:								
Local sources	-	-	-	1,065,330	175,556	3,530	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	16,759	145,135	-	22,019	-
Federal sources	-	-	-	991,519	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	2,073,608	320,691	3,530	22,019	-
Disbursements:								
Instruction	-	-	-	-	-	-	63,216	500
Support services	-	-	-	1,645	332,924	4,902	-	500
Noninstructional services	-	-	-	1,949,117	-	-	-	-
Facilities acquisition and construction	2,199	2,008	57,350	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	2,199	2,008	57,350	1,950,762	332,924	4,902	63,216	1,000
Excess (deficiency) of receipts over disbursements	(2,199)	(2,008)	(57,350)	122,846	(12,233)	(1,372)	(41,197)	(1,000)
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	(2,199)	(2,008)	(57,350)	122,846	(12,233)	(1,372)	(41,197)	(1,000)
Cash and investments - ending	\$ -	\$ -	\$ 41,932	\$ 470,764	\$ 442,083	\$ 30,477	\$ 3,364	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Science Fair American Water	MHS Post-Prom Donation	Franciscan Alliance/ 2015/ TURF	Comm Foundation/ Alumni Archives Grant	Still Water Donation	Usage Grant CEC	2016 Scholar Success Grant/ PHMS	Miscellaneous Programs
Cash and investments - beginning	\$ 512	\$ 1,343	\$ 60,873	\$ 1,000	\$ 1,220	\$ 3,281	\$ -	\$ 106
Receipts:								
Local sources	-	-	89,322	14,190	2,048	-	-	-
Intermediate sources	-	-	-	-	-	-	1,000	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	89,322	14,190	2,048	-	1,000	-
Disbursements:								
Instruction	-	-	-	3,530	-	-	-	-
Support services	-	1,343	-	-	1,807	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	33,633	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,343	33,633	3,530	1,807	-	-	-
Excess (deficiency) of receipts over disbursements	-	(1,343)	55,689	10,660	241	-	1,000	-
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	-	(1,343)	55,689	10,660	241	-	1,000	-
Cash and investments - ending	\$ 512	\$ -	\$ 116,562	\$ 11,660	\$ 1,461	\$ 3,281	\$ 1,000	\$ 106

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Generations MHS Project	MCSC Website Sponsors	Kendrick Social Skills	Kendrick Nursing	Kendrick Vision/ Hearing	Kendrick Playground	BECP	Tractor Supply Grants/MHS
Cash and investments - beginning	\$ -	\$ 3,188	\$ -	\$ 724	\$ 3,425	\$ -	\$ 150	\$ -
Receipts:								
Local sources	500	-	-	-	-	-	-	-
Intermediate sources	-	5,688	-	-	-	-	-	1,000
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	500	5,688	-	-	-	-	-	1,000
Disbursements:								
Instruction	291	-	-	-	-	-	-	-
Support services	-	319	-	488	3,425	-	62	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	291	319	-	488	3,425	-	62	-
Excess (deficiency) of receipts over disbursements	209	5,369	-	(488)	(3,425)	-	(62)	1,000
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	209	5,369	-	(488)	(3,425)	-	(62)	1,000
Cash and investments - ending	\$ 209	\$ 8,557	\$ -	\$ 236	\$ -	\$ -	\$ 88	\$ 1,000

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	United Way Grants	Instruction Support	Computer Consortium/ Advancements	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Miscellaneous Programs
Cash and investments - beginning	\$ 3,112	\$ 6,728	\$ -	\$ 33,111	\$ 77,847	\$ (16,362)	\$ 113,291	\$ 152,137
Receipts:								
Local sources	3,000	-	-	61,604	-	-	-	83,367
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	45,975	423,894	-	46,691	50,000	8,724	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	3,000	45,975	423,894	61,604	46,691	50,000	8,724	83,367
Disbursements:								
Instruction	3,123	46,558	-	73,153	-	-	-	94,051
Support services	-	-	423,839	-	-	-	27,844	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	33,638	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,123	46,558	423,839	73,153	-	33,638	27,844	94,051
Excess (deficiency) of receipts over disbursements	(123)	(583)	55	(11,549)	46,691	16,362	(19,120)	(10,684)
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	(123)	(583)	55	(11,549)	46,691	16,362	(19,120)	(10,684)
Cash and investments - ending	\$ 2,989	\$ 6,145	\$ 55	\$ 21,562	\$ 124,538	\$ -	\$ 94,171	\$ 141,453

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Technology	Consumables	McKinney Vento Grants	Local Wellness Grant	Title I	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Special Ed Part B
Cash and investments - beginning	\$ 60,845	\$ 50,897	\$ (8,764)	\$ 130	\$ (108,697)	\$ 3,782	\$ (138,059)	\$ -
Receipts:								
Local sources	150,719	34,685	-	-	-	66	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	44,853	-	-	-	-	-
Federal sources	-	-	-	-	518,658	-	956,995	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	150,719	34,685	44,853	-	518,658	66	956,995	-
Disbursements:								
Instruction	105,928	15,329	39,252	-	328,524	-	855,074	-
Support services	-	-	-	-	91,313	1,177	-	-
Noninstructional services	-	-	-	-	20,016	-	19,572	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	105,928	15,329	39,252	-	439,853	1,177	874,646	-
Excess (deficiency) of receipts over disbursements	44,791	19,356	5,601	-	78,805	(1,111)	82,349	-
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	44,791	19,356	5,601	-	78,805	(1,111)	82,349	-
Cash and investments - ending	\$ 105,636	\$ 70,253	\$ (3,163)	\$ 130	\$ (29,892)	\$ 2,671	\$ (55,710)	\$ -

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2016

	Spec Ed Part B/ Tech Asst	Spec Ed Part B 2014/ Old WCJC	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Payroll Clearing	Pre-Pay Cafeteria	Totals
Cash and investments - beginning	\$ (9,241)	\$ -	\$ (3,753)	\$ 46,006	\$ (4,639)	\$ 124,803	\$ -	\$ 19,517,849
Receipts:								
Local sources	-	-	-	-	-	-	-	11,621,325
Intermediate sources	-	-	-	-	-	-	-	7,696
State sources	-	-	-	-	-	-	-	28,962,389
Federal sources	11,664	18,781	24,329	79,575	73,261	-	-	2,674,782
Other receipts	-	-	-	-	-	6,781,567	24,366	6,805,933
Total receipts	11,664	18,781	24,329	79,575	73,261	6,781,567	24,366	50,072,125
Disbursements:								
Instruction	2,423	18,781	22,257	51,713	11,475	-	-	19,216,765
Support services	-	-	-	-	76,467	-	-	12,981,948
Noninstructional services	-	-	-	-	-	-	-	2,476,753
Facilities acquisition and construction	-	-	-	-	-	-	-	1,852,731
Debt service	-	-	-	-	-	-	-	4,579,792
Nonprogrammed charges	-	-	-	-	-	6,789,300	-	6,789,300
Total disbursements	2,423	18,781	22,257	51,713	87,942	6,789,300	-	47,897,289
Excess (deficiency) of receipts over disbursements	9,241	-	2,072	27,862	(14,681)	(7,733)	24,366	2,174,836
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,900,000
Transfers out	-	-	-	-	-	-	-	(1,900,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,241	-	2,072	27,862	(14,681)	(7,733)	24,366	2,174,836
Cash and investments - ending	\$ -	\$ -	\$ (1,681)	\$ 73,868	\$ (19,320)	\$ 117,070	\$ 24,366	\$ 21,692,685

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
BMO Harris Bank Equip. Finance	2016 Bus Lease	\$ 144,215	8/1/2016	1/15/2020
Cross Roads Bank	Camera Lease	71,678	1/1/2013	7/1/2019
PNC Equipment Finance	2016 Energy Savings	288,872	6/15/2016	12/15/2036
PNC Equipment Finance	2015 Synthetic Turf	119,003	1/16/2016	7/16/2023
Regions	2015 Bus Lease	96,807	12/1/2015	11/1/2019
Regions	2014 Bus Lease	76,291	10/1/2014	10/1/2018
Regions	2012 Bus Lease	66,083	7/16/2012	1/16/2017
Regions	2013 Bus Lease	76,440	10/1/2013	10/1/2017
Mooreville Consolidated School Building Corporation	MCSC QZAB 2014A	23,000	7/15/2015	1/15/2034
Mooreville Consolidated School Building Corporation	MCSC Lease 2013/NA (1of4)	70,000	1/15/2014	1/15/2027
Mooreville Consolidated School Building Corporation	MCSC Lease 2013/MHS (2of4)	622,000	7/15/2014	1/15/2030
Mooreville School Building Corporation	MCSC QZAB 2014B	23,000	7/15/2015	1/15/2034
Mooreville School Building Corporation	MCBC QSCB 2009 MHS	157,000	1/12/2010	1/1/2025
Mooreville School Building Corporation	MSBC QSCB 2010 PHMS	550,150	12/9/2010	1/1/2028
Mooreville School Building Corporation	MSBC 2011 QZAB/New Nwood	265,242	1/15/2012	1/15/2029
Mooreville School Building Corporation	MCSBC QZAB NM 2011B	211,400	1/12/2012	12/31/2028
Mooreville Consolidated Building Corporaiton	MCSC Lease 2009/MHS (3of4)	731,093	1/15/2010	7/15/2019
Mooreville Consolidated Building Corporaiton	MCSC Lease 2005/PHMS (4of4)	<u>1,150,875</u>	7/15/2015	7/15/2019
Total governmental activities		<u>4,743,149</u>		
Total of annual lease payments		<u>\$ 4,743,149</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Common School #1621	\$ 208,950	\$ 85,461
General obligation bonds	MCSC Pension Bond	2,370,000	379,629
General obligation bonds	Common School #1480	81,842	82,456
General obligation bonds	Common School #1540	123,780	83,552
General obligation bonds	COMMOM SCHOOL #1694	208,950	85,461
General obligation bonds	Common School #1942	423,894	47,781
General obligation bonds	Common School #1836	<u>371,340</u>	<u>86,027</u>
Total governmental activities		<u>3,788,756</u>	<u>850,367</u>
Totals		<u>\$ 3,788,756</u>	<u>\$ 850,367</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2016

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	\$ 2,211,590
Infrastructure	10
Buildings	37,673,726
Improvements other than buildings	876,604
Machinery, equipment, and vehicles	6,072,283
Construction in progress	10
Books and other	<u>46,834,223</u>
Total governmental activities	<u>93,668,446</u>
Total capital assets	<u>\$ 93,668,446</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 MOORESVILLE CONSOLIDATED  
SCHOOL CORPORATION, MORGAN COUNTY, INDIANA

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

We have audited the Mooresville Consolidated School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in item 2016-005 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

***Qualified Opinion on the Child Nutrition Cluster***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Child Nutrition Cluster regarding Program Income, described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-006, 2016-008, 2016-010, and 2016-011. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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

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

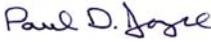
A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement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

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

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 2016-003, 2016-004, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, 2016-010, and 2016-011 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

April 17, 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.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY2014	\$ 81,259	\$ -
School Breakfast Program			FY2015	74,081	66,693
School Breakfast Program 2016			FY2016	-	93,380
Total - School Breakfast Program				<u>155,340</u>	<u>160,073</u>
National School Lunch Program					
School Lunch Program	Indiana Department of Education	10.555			
School Lunch Program			FY2014	373,949	-
School Lunch Program			FY2015	443,110	336,773
School Lunch Program 2016			FY2016	-	479,905
Commodities			14/15 - 15/16	117,333	120,466
Total - National School Lunch Program				<u>934,392</u>	<u>937,144</u>
Summer Food Service Program for Children					
Summer Food Service Program 2014	Indiana Department of Education	10.559			
Summer Food Service Program 2015			FY2014	1,208	-
			FY2015	-	14,770
Total - Summer Food Service Program for Children				<u>1,208</u>	<u>14,770</u>
Total - Child Nutrition Cluster				<u>1,090,940</u>	<u>1,111,987</u>
Total - Department of Agriculture				<u>1,090,940</u>	<u>1,111,987</u>
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States					
Special Ed. Part B 611 FY2013	Indiana Department of Education	84.027	14213-063-PN01	3,983	-
Special Ed. Part B 611 FY2014			14214-063-PN01	103,715	-
Special Ed. Tech Assistance			99914-063-TA01	150	-
Special Ed. Part B 611 FY2014-2015			14215-153-PN01	597,956	313,117
Special Ed. Part B TA 2014			99914-063-PN01	1,278	11,664
Special Ed. Part B TA 2014			14214-153-PN01	10,406	18,781
Special Ed. Part B 611 FY 2015-16			14216-123-PN01	-	643,876
Total - Special Education Grants to States				<u>717,488</u>	<u>987,438</u>
Special Education Preschool Grants					
Special Ed. Pre-School	Indiana Department of Education	84.173			
Special Ed. Pre-School 2015			45714-063-PN01	14,093	-
Special Ed. Part B 619 Pre-School 2016			45715-153-PN01	19,308	8,283
			45716-123-PN01	-	16,046
Total - Special Education Preschool Grants				<u>33,401</u>	<u>24,329</u>
Total - Special Education Cluster (IDEA)				<u>750,889</u>	<u>1,011,767</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-15	Total Federal Awards Expended 06-30-16
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2013-2014			14-5930	90,605	-
Title I 2015			15-5930	286,909	177,064
Title I 2016			16-5930	<u>-</u>	<u>341,594</u>
Total - Title I Grants to Local Educational Agencies				<u>377,514</u>	<u>518,658</u>
Education for Homeless Children and Youth	Indiana Department of Education	84.196			
Education of Homeless			FY 2013	12,418	-
McKinney-Vento 2014-15			FY 2014-15	22,588	17,411
McKinney-Vento 2015-16			FY 2015-16	<u>-</u>	<u>27,442</u>
Total - Education for Homeless Children and Youth				<u>35,006</u>	<u>44,853</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II Teacher Improvement			14-5930	30,226	47,828
Title II Teacher Improvement			15-5930	<u>46,781</u>	<u>25,433</u>
Total - Improving Teacher Quality State Grants				<u>77,007</u>	<u>73,261</u>
Total - Department of Education				<u>1,240,416</u>	<u>1,648,539</u>
Total federal awards expended				<u>\$ 2,331,356</u>	<u>\$ 2,760,526</u>

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

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

**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, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

**Note 2. Summary of Significant Accounting Policies**

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

MOORESVILLE CONSOLIDATED 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?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	
Special Education Cluster (IDEA)	Unmodified
Child Nutrition Cluster	Qualified
Title I Grants to Local Educational Agencies	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
	Special Education Cluster (IDEA)
	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies

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

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

**FINDING 2016-001**

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

*Repeat Finding*

This is a repeat of Finding 2014-001 from the immediately prior audit.

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

*Condition*

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

*Context*

The SEFA presented for audit contained the following errors:

- The Child Nutrition Cluster expenditures were overstated by \$624,377 for fiscal year 2014-2015 and \$120,466 for fiscal year 2015-2016.
- The Special Education Cluster (IDEA) expenditures were understated by \$30,446 for fiscal year 2015-2016.
- The Improving Teacher Quality State Grants expenditures were overstated by \$445,397 for fiscal year 2015-2016.

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. . . ."

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

*Cause*

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

*Effect*

The failure to establish controls enabled material misstatements of the SEFA.

*Recommendation*

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

*Views of Responsible Officials*

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

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

**FINDING 2016-002**

Subject: Internal Controls over Financial Transactions  
Audit Finding: Material Weakness

*Condition*

Management of the School Corporation did not have a proper system of internal control in place over disbursements. The accounts payable vouchers and payroll disbursements were not reviewed and approved by the Fiscal Officer.

*Context*

This was a systemic problem as the Fiscal Officer's review of the accounts payable vouchers and payroll disbursements did not occur throughout the audit period.

*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. . . ."

Indiana Code 5-11-10-1.6 states in part:

". . . (b) As used in this section, 'claim' means a bill or an invoice submitted to a governmental entity for goods or services.

(c) The fiscal officer of a governmental entity may not draw a warrant or check for payment of a claim unless:

- (1) there is a fully itemized invoice or bill for the claim;
- (2) the invoice or bill is approved by the officer or person receiving the goods and services.
- (3) the invoice or bill is filed with the governmental entity's fiscal officer.

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

- (4) the fiscal officer audits and certifies before payment that the invoice or bill is true and correct; and
- (5) payment of the claim is allowed by the governmental entity's legislative body or the board or official having jurisdiction over allowance of payment of the claim. . . ."

*Cause*

The School Corporation had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled noncompliance related to Financial Transactions.

*Recommendation*

We recommended that the School Corporation establish a system of internal controls related to Financial Transactions.

*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 2016-003**

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed and Allowable Costs/Cost Principles

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): FY2014, FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Adequate time records for time worked were not maintained for the Food Service Director and cafeteria managers, nor was their payroll approved by another individual. The Food Service Director did not receive biweekly payroll reports for salaries charged to the School Lunch fund. Additionally, the Food Service Director did not have access to the accounting records to review expenditures charged to the School Lunch fund for monitoring the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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

*Context*

The deficiency of the time records for the Food Service Director and cafeteria managers' payrolls and the inadequate oversight over expenditures charged to the School Lunch fund were systemic issues, which occurred 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). . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items.

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

(c) Be consistent with policies and procedures that apply uniformly to both federally-financed and other activities of the non-Federal entity.

(d) Be accorded consistent treatment. A cost may not be assigned to a Federal award as a direct cost if any other cost incurred for the same purpose in like circumstances has been allocated to the Federal award as an indirect cost.

(e) Be determined in accordance with generally accepted accounting principles (GAAP), except, for state and local governments and Indian tribes only, as otherwise provided for in this part.

(f) Not be included as a cost or used to meet cost sharing or matching requirements of any other federally-financed program in either the current or a prior period. See also § 200.306 Cost sharing or matching paragraph (b).

(g) Be adequately documented. . . ."

*Cause*

The School Corporation had not established and implemented an effective internal control system to ensure compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

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

***FINDING 2016-004***

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): FY2014, FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions - School  
Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

*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, Reporting, Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

*Cash Management*

Management of the School Corporation had not established documented controls to ensure that the School Lunch fund net cash resources did not exceed the three months average expenditures.

*Eligibility*

There were no controls in place to ensure that eligibility determinations were complete and accurate. The eligibility section of some applications was not completed after the determination was made by the School Corporation. There was no segregation of duties, such as an oversight, review, or approval process.

*Reporting*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports and Monthly Sponsor Claims (claims for reimbursement) were accurate prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

*Special Tests and Provisions - School Food Accounts*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Special Tests and Provisions - School Food Accounts requirements were considered. The Food Service Director did not receive detailed reports of the activity being recorded in the School Lunch fund to ensure that was being used only for child nutrition purposes. There was no segregation of duties, such as an oversight, review, or approval process.

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

*Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)*

The School Board minutes indicated that they approved a ten cent increase in the school lunch prices based on the Food Service Director's recommendation. However, the paid lunch equity form and the supporting documentation was not presented for audit. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of properly designed and implemented controls was a systemic problem, which occurred 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 established and implemented an effective internal control system that segregated key functions.

*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.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

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

*Views of Responsible Officials*

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

**FINDING 2016-005**

Subject: School Breakfast Program and National School Lunch Program - Program Income  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2014, FY2015, FY2016  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Program Income  
Audit Findings: Material Weakness, Modified Opinion

*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 Program Income compliance requirement. The School Corporation had not established a separate fund to account for prepaid amounts until the 2015-2016 school year. All receipts from sales for the 2014-2015 school year, as well as prepayments, were recorded directly in the School Lunch fund. The Prepaid Food fund was not properly used in the 2015-2016 school year. The inability to distinguish prepaid amounts prevented the ability to test the School Corporation's compliance with the Program Income compliance requirement.

*Context*

The lack of controls was a systemic problem, which prevented the determination of compliance with Program Income requirements 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). . . ."

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

7 CFR 210.14(c) states:

*"Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.13(i) states in part: "Each State agency . . . shall establish a financial management system under which School Food Authorities shall account for all revenues and expenditures of their nonprofit school food service. . . ."

*Cause*

Management had not developed a system of internal controls over the Program Income compliance requirement for the audit period.

*Effect*

The failure to establish effective internal controls, which would have ensured that documentation was maintained and available for audit, prevented the determination of the School Corporation's compliance with the grant agreement and the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the Program Income compliance requirement. In addition, we recommended that the School Corporation account for and maintain documentation related to Program Income.

*Views of Responsible Officials*

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

**FINDING 2016-006**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment

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): FY2014, FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation failed to retain copies of their policies for this compliance requirement.

*Procurement*

The School Board failed to approve bids and award contracts. The Food Service Director failed to request approval from the School Board to extend an approved bid for an additional year. Additionally, the Procurement requirements related to maintaining the history of procurements or the use of a sole source vendor were not performed for 2015-2016 school year.

*Suspension and Debarment*

The School Corporation, nor their purchasing service, performed any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls and noncompliance with the Procurement and Suspension and Debarment compliance requirement were a systemic problem 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). . . ."

2 CFR 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

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

2 CFR 200.320(f) states:

"Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

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

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

*Cause*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

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

*Views of Responsible Officials*

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

**FINDING 2016-007**

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

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): 14-5930, 15-5930, 16-5930

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Comparability; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2014-006 from the immediately prior audit regarding the requirements for Special Tests and Provisions - Comparability.

*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: Special Tests and Provisions - Comparability; Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals; and Special Tests and Provisions - Annual Report Card, High School Graduation Rate. One individual was responsible for ensuring compliance with these compliance requirements without an adequate system of oversight or review. There was no segregation of duties, such as an oversight, review, or approval process.

*Context*

The lack of controls were systematic issues, which occurred 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. . . ."

MOORESVILLE CONSOLIDATED 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*

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

*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 the compliance requirements listed above.

*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 compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2016-008**

Subject: Title I Grants to Local Educational Agencies - Procurement and Suspension and Debarment  
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): 14-5930, 15-5930, 16-5930  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

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

*Procurement*

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Procurement requirements.

*Suspension and Debarment*

The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls over the Procurement and Suspension and Debarment compliance requirement and the noncompliance with Suspension and Debarments requirements were systemic problems 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). . . ."

2 CFR 180.300 states:

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

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

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

*Cause*

The School Corporation had not established and implemented effective internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement or the Suspension and Debarment requirements, and could have placed the School Corporation in noncompliance with the grant agreement or the procurement requirements.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and 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 2016-009**

Subject: Special Education Cluster (IDEA) - Activities Allowed and Unallowed,  
Level of Effort - Maintenance of Effort, and 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): 14213-063-PN01, 14214-063-PN01,  
99914-063-TA01, 45714-063-PN01,  
14215-153-PN01, 99914-063-PN01,  
45715-153-PN01, 14216-123-PN01,  
45716-123-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed and Unallowed, Level of Effort -  
Maintenance of Effort, and Reporting

Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat of Finding 2014-004 from the immediately prior audit regarding the requirements for Reporting.

MOORESVILLE CONSOLIDATED 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 requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Level of Effort - Maintenance of Effort, and Reporting.

*Activities Allowed and Unallowed*

One individual prepared the vendor and payroll claims without a proper system of oversight or review.

*Level of Effort - Maintenance of Effort*

There were no controls in place to ensure that Maintenance of Effort was properly calculated and reported in the grant application. There was no segregation of duties, such as an oversight, review, or approval process.

*Reporting*

The Final Expenditure Report was prepared by one individual without a proper system of oversight or review prior to submission.

*Context*

The lack of controls was a systemic issue, which occurred 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*

Management had not established an effective internal control system to ensure compliance with the compliance requirements listed above.

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

*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 the compliance requirements listed above.

*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 compliance requirements listed above.

*Views of Responsible Officials*

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

**FINDING 2016-010**

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-063-PN01, 14214-063-PN01,  
99914-063-TA01, 45714-063-PN01,  
14215-153-PN01, 99914-063-PN01,  
45715-153-PN01, 14216-123-PN01,  
45716-123-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat of Finding 2014-005 from the immediately 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 Allowable Costs/Cost Principles compliance requirement. Semi-Annual Certifications or other documentation of personnel expenses for employees whose salaries were paid 100 percent out of the grant funds were not completed or presented. Additionally, one individual prepared the vendor and payroll claims without a proper system of oversight or review.

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

*Context*

The lack of controls and the noncompliance were systemic issues, which occurred 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). . . ."

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

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

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .

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

- (iv) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management of the School Corporation had not developed an effective internal control system that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties, to ensure compliance with the Allowable Costs/Cost Principles 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 2016-011**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

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): 14213-063-PN01, 14214-063-PN01,  
99914-063-TA01, 45714-063-PN01,  
14215-153-PN01, 99914-063-PN01,  
45715-153-PN01, 14216-123-PN01,  
45716-123-PN01

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 and Suspension and Debarment compliance requirement.

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

*Procurement*

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the Procurement requirements. For the 2015-2016 fiscal year, the procurement requirements related to maintaining the history of Procurements or the use of a sole source vendor were not performed.

*Suspension and Debarment*

The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

*Context*

The lack of controls over the compliance requirement and the noncompliance related to Suspension and Debarment were systemic issues, which occurred throughout the audit period. The noncompliance with Procurement requirements occurred in the 2015-2016 fiscal year.

*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 200.318(i) states:

"The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price."

2 CFR 200.320(f) states:

"Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

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

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;
- (3) The Federal awarding agency or pass-through entity expressly authorizes noncompetitive proposals in response to a written request from the non-Federal entity; or
- (4) After solicitation of a number of sources, competition is determined inadequate."

2 CFR 180.300 states:

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

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

*Cause*

Management had not developed a system of internal controls that would have ensured that the School Corporation complied with the grant agreement and 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 or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management develop and implement procedures and 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.

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#### AUDITEE-PREPARED DOCUMENTS

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

# MOORESVILLE CONSOLIDATED SCHOOL CORPORATION

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### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

#### **FINDING 2014-004** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education and Metropolitan School District of Wayne Township

Contact Person Responsible for Corrective Action: Jake Allen

Contact Phone Number: 317-831-0950, Ext. 2028

Status of Audit Finding:

The following Corrective Actions have been made in regard to Reimbursement Vouchers: Reimbursement requests with supporting documentation are prepared by the Treasurer and then are approved by the department (Title 1, Special Education, Improving Teacher Quality Grant) director before submission.

#### **FINDING 2014-005** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jake Allen

Contact Phone Number: 317-831-0950, Ext. 2028

Status of Audit Finding:

The following Corrective Actions have been made in regard to Time and Effort Reports: Monthly Time and Effort logs are kept for employees whose salaries are split between funds. Semi-annual certifications are kept for employees whose salaries are paid in full from one grant fund. The process for semi-annual certification has been in place for Title 1 and Title 2, and will be implemented in full for Special Education on July 1, 2018.

**FINDING 2014-006** (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Department of Education

Contact Person Responsible for Corrective Action: Jake Allen

Contact Phone Number: 317-831-0950, Ext. 2028

Status of Audit Finding:

The following Corrective Actions have been made in regard to Comparability Requirements: Supporting documentation is secured by the Treasurer and data is used to calculate the Comparability Report. This documentation is maintained in the Director of Title 1's office.

  
\_\_\_\_\_  
(Signature)  
Asst. Superintendent  
\_\_\_\_\_  
(Title)  
4-9-18  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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### CORRECTIVE ACTION PLAN

#### ***FINDING 2016-001 – Preparation of the Schedule of Expenditures of Federal Awards***

Contact Person Responsible for Corrective Action: Jacob Allen

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

An effective internal control system with a segregation of duties and a review process will be put into place in order to ensure compliance with requirements related to the Preparation of the Schedule of Expenditures of Federal Awards.

Anticipated Completion Date: December 31, 2018

***FINDING 2016-002 – Internal Controls Over Financial Transactions***

Contact Person Responsible for Corrective Action: Jacob Allen

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

An effective internal control system with a segregation of duties and a review process will be put into place in order to ensure compliance with requirements related to the Internal Controls Over Financial Transactions.

Anticipated Completion Date: April 17, 2018

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

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

\_\_\_\_\_  
(Date)

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[rex.cook@mooresvilleschools.org](mailto:rex.cook@mooresvilleschools.org)

### CORRECTIVE ACTION PLAN

#### **FINDING 2016-003**

Contact Person Responsible for Corrective Action: Daniel Williams  
Contact Phone Number: 317-931-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Beginning April 1, 2018, the Food Services Director will sign off and approve all cafeteria manager's timecards. Additionally the director will sign off and approve the summary of all food service payrolls.

Anticipated Completion Date: April 1, 2018

#### **FINDING 2016-004**

Contact Person Responsible for Corrective Action: Daniel Williams  
Contact Phone Number: 317-931-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Beginning with the 2017-2018 school year the food service director will document the department's efforts to maintain a cash balance less than 3 months average expenditures. If the balance exceeds the 3 months average expenditures, the director will provide documentations as to how the balance will be used.

For eligibility accuracy provisions, beginning in the 2016-2017 school year the food services support specialist began using Skyward to determine eligibility with the food service director manually checking 5% off applications for errors.

Beginning with the 2017-2018 school year the food service support specialist will verify and sign off on Annual Financial claims prepared by the Food Service director.

Beginning with the 2017-2018 school year the corporation treasurer will provide monthly detailed reports which will be verified and signed off on by the food service director.

The food services department did follow Paid Lunch Equity requirements beginning with the 2015-2016 school year. A copy of the USDA Paid Lunch Equity tool for that school year was emailed to auditor on April 13, 2018. A copy of the summary page of the tool will be attached to this corrective action plan. The food services will continue to follow Paid Lunch Equity requirements and document its efforts.

Anticipated Completion Date: July 1, 2018

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Daniel Williams  
Contact Phone Number: 317-931-0950

Views of Responsible Official: We concur with the finding.

Beginning with the 2018-2019 school year the food services department will properly distinguish prepaid lunch accounts separately from the school food service fund.

Anticipated Completion Date: July 1, 2018

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Daniel Williams  
Contact Phone Number: 317-931-0950

Views of Responsible Official: We concur with the finding.

Beginning with the 2018-2019 school year the food services department will request bids and extensions, including those selected by purchasing coop to be approved by school board. The department will also verify all vendors above the federal threshold will be verified on sam.gov for possible suspension or debarment. All procurement records will be retained.

Anticipated Completion Date: July 1, 2018

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

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

\_\_\_\_\_

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### **Finding 2016-007 TITLE I GRANTS TO LOCAL EDUCATION AGENCIES – SPECIAL TESTS AND PROVISIONS-COMPARABILITY; SPECIAL TESTS AND PROVISIONS- HIGHLY QUALIFIED TEACHERS AND PARAPROFESSIONALS; SPECIAL TESTS AND PROVISIONS- ANNUAL REPORT CARD, GRADUATION RATE**

Federal Agency: U.S. Department of Education

Report Period: 7-1-2014 to 6-30-2016

Federal Program: Title I Grants to Local Educational Agencies

CDFA Number and Year: 84.010

Federal Award Number and Year: 14-5930; 15-5930; 16-5930

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Test and Provisions- Comparability; Special Tests and Provisions- Highly Qualified Teachers and Paraprofessionals; and Special Tests and Provisions- Annual Report Card, High School Graduation Rate.

Contact Person: Casey Gibson, Director of Title I ([casey.gibson@moorevilleschools.org](mailto:casey.gibson@moorevilleschools.org))

Date: April 12, 2018

Correction Action Plan:

On Wednesday, April 11, 2018, a meeting was held to discuss the Title I grant requirements and documentation for Mooresville Schools. At the conclusion of the meeting, the following documented items were determined in need of corrective action for our district.

1. An effective internal control system with a segregation of duties and a review process will be put into place in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Special Test and Provisions- Comparability; Special Tests and Provisions- Highly Qualified Teachers and Paraprofessionals; and Special Tests and Provisions- Annual Report Card, High School Graduation Rate.

The required documentation for the above mentioned items will be corrected immediately and documentation will be available for future reference.

**Finding 2016-008 TITLE I GRANTS TO LOCAL EDUCATION AGENCIES – PROCUREMENT, AND SUSPENSION AND DEBARMENT**

Federal Agency: U.S. Department of Education

Report Period: 7-1-2014 to 6-30-2016

Federal Program: Title I Grants to Local Educational Agencies

CDFA Number and Year: 84.010

Federal Award Number and Year: 14-5930; 15-5930; 16-5930

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment

Contact Person: Casey Gibson, Director of Title I ([casey.gibson@moorevilleschools.org](mailto:casey.gibson@moorevilleschools.org))

Date: April 12, 2018

Correction Action Plan:

On Wednesday, April 11, 2018, a meeting was held to discuss the Title I grant requirements and documentation for Mooresville Schools. At the conclusion of the meeting, the following documented items were determined in need of corrective action for our district.

1. An effective internal control system with a segregation of duties will be put into place in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment.

The required documentation for the above mentioned items will be corrected immediately and documentation will be available for future reference.

Respectfully,

---

Casey Gibson, Director of Title I

---

Dr. Jacob Allen, Assistant Superintendent

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### ***FINDING 2016-009 – Special Education Cluster – Activities Allowed and Unallowed, Level of Effort – Maintenance of Effort, and Reporting***

Contact Person Responsible for Corrective Action: Susie Hurt  
Contact Phone Number: (317) 831-0950

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: When federal budget is prepared (Part B 611, 619) a minimum of two people who are preparing the grant, will sign off on the calculations so that there is more than one person reviewing the reports

Anticipated Completion Date: 6/30/18

### ***FINDING 2016-010 – Special Education Cluster – Allowable Costs/Cost Principles***

Contact Person Responsible for Corrective Action: Susie Hurt  
Contact Phone Number: (317) 831-0950

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: Director of Special Education will prepare semi-annual certifications of personnel expenses for employees paid 100% out of the grant

Anticipated Completion Date: 6/30/18

### ***FINDING 2016-011 – Special Education Cluster – Procurement, Suspension and Debarment***

Contact Person Responsible for Corrective Action: Susie Hurt  
Contact Phone Number: (317) 831-0950

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: *Procurement*. When placing an order over \$3500, The Director of Special Education will procure three bids and document. If MCSC is already in contract with a company this will be noted as "sole source".

*Suspension and Debarment*: Director of Special Education will prepare and retain a binder of verification that vendors were not suspended or debarred from participating in federal programs before entering into a contract

Anticipated Completion Date: 6/30/18

Respectfully,

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Susie Hurt, Director of Special Education

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Dr. Jacob Allen, Assistant Superintendent

#### 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/>.