

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, 2016 to June 30, 2018



FILED
03/27/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Rhondi Taylor	07-01-16 to 06-30-19
Superintendent of Schools	Randy Taylor	07-01-16 to 06-30-19
President of the School Board	William E. Roberson	07-01-16 to 12-31-19



STATE OF INDIANA
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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, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 21, 2019, 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

February 21, 2019



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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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 21, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002.

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

February 21, 2019

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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, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 5,884,251	\$ 28,721,757	\$ 26,692,163	\$ (1,600,000)	\$ 6,313,845	\$ 28,834,592	\$ 26,406,253	\$ (2,200,000)	\$ 6,542,184
Debt Service	811,480	4,020,738	3,983,040	-	849,178	3,922,599	3,907,001	-	864,776
Retirement/Severance Bond Debt Service	202,272	407,890	376,629	-	233,533	369,101	378,031	-	224,603
Capital Projects	1,661,790	2,912,778	2,641,427	-	1,933,141	2,926,395	2,487,580	-	2,371,956
School Transportation	1,817,316	2,388,543	2,134,131	(100,000)	1,971,728	2,433,946	2,090,742	(200,000)	2,114,932
School Bus Replacement	486,342	292,623	459,828	-	319,137	455,543	460,297	-	314,383
Rainy Day	9,020,633	-	2,958,945	1,700,000	7,761,688	-	2,120,026	2,400,000	8,041,662
Retirement/Severance Bond	-	-	-	-	-	-	-	-	-
Construction	169	-	-	-	169	-	-	-	169
Construction/MHS 2013B	41,933	21,900	44,166	-	19,667	-	15,160	-	4,507
Construction/2014A	-	99,251	90,452	-	8,799	-	8,799	-	-
School Lunch	470,764	2,174,257	1,930,956	-	714,065	2,273,393	2,131,145	-	856,313
Textbook Rental	442,083	402,620	246,670	-	598,033	415,089	682,622	-	330,500
South Central Study Council	30,477	3,200	4,106	-	29,571	3,900	5,274	-	28,197
Early Intervention Grant	3,364	22,447	12,789	-	13,022	20,769	13,337	-	20,454
Donation/Home Bank	-	-	-	-	-	10,000	-	-	10,000
Newby PLTW Participation	-	-	-	-	-	10,000	-	-	10,000
Science Fair American Water	511	4,840	453	-	4,898	500	454	-	4,944
Franciscan Alliance/2015/TURF	116,562	234,964	112,636	-	238,890	131,831	205,896	-	164,825
Comm Foundation/Alumni Archives Grant	11,660	-	460	-	11,200	-	-	-	11,200
Still Water Donation	1,461	3,648	2,381	-	2,728	2,808	3,755	-	1,781
Usage Grant CEC	3,281	-	-	-	3,281	-	-	-	3,281
Scholarships and Awards	1,000	-	217	-	783	-	-	-	783
Miscellaneous Programs	106	-	-	-	106	-	-	-	106
Lilly Endowment/Planning	-	30,000	11,159	-	18,841	-	9,320	-	9,521
Generations MHS Project	208	500	499	-	209	-	128	-	81
MCSC Website Sponsors	8,557	4,440	6,302	-	6,695	9,080	5,207	-	10,568
Kendrick Nursing	236	-	236	-	-	-	-	-	-
BECP	88	-	-	-	88	-	-	-	88
Tractor Supply Grants/MHS	1,000	16,700	11,625	-	6,075	2,288	1,000	-	7,363
United Way Grants	2,989	12,782	15,019	-	752	5,500	5,107	-	1,145
Formative Assessment	-	52,770	42,792	-	9,978	48,123	58,101	-	-
Special Education Excess Costs	-	11,025	11,025	-	-	-	-	-	-
Instruction Support	6,147	44,594	31,749	-	18,992	43,966	61,914	-	1,044
Computer Consortium/Ed Tech Advance	55	-	55	-	-	392,734	392,734	-	-
Adult and Continuing Education	21,562	77,410	72,178	-	26,794	53,807	54,769	-	25,832
Medicaid Reimbursement	124,538	38,728	-	-	163,266	52,844	-	-	216,110
Secured Schools Safety Grant	-	-	-	-	-	-	-	-	-
School Technology	94,169	10,628	30,000	-	74,797	14,250	-	-	89,047
Career and Technical Performance Grant	-	25,708	12,854	-	12,854	29,295	23,955	-	18,194
Performance Based Awards	-	244,710	244,710	-	-	-	-	-	-
Miscellaneous Programs	141,453	84,334	68,272	-	157,515	106,011	101,712	-	161,814
Technology	105,636	135,306	112,112	-	128,830	119,022	131,729	-	116,123
High Ability Fee	-	2,921	15	-	2,906	485	4,164	-	(773)
Consumables	70,251	37,054	47,133	-	60,172	19,489	41,969	-	37,692
McKinney Vento Grants	(3,162)	42,677	43,010	-	(3,495)	61,183	60,977	-	(3,289)
Local Wellness Grant	130	-	-	-	130	-	-	-	130
Title I	(29,893)	445,996	496,911	-	(80,808)	419,398	364,953	-	(26,363)
Serve America	2,671	3,000	3,396	-	2,275	-	-	-	2,275
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(55,710)	758,380	772,896	-	(70,226)	880,260	899,004	-	(88,970)
Pre-School Life Skills	(1,681)	21,958	21,868	-	(1,591)	29,085	32,381	-	(4,887)
Social Service Block Grant - Federal	73,868	65,992	68,286	-	71,574	91,602	80,084	-	83,092
Improving Teacher Quality, No Child Left, Title II, Part A	(19,320)	113,692	136,818	-	(42,446)	110,840	96,153	-	(27,759)
Pre-Pay Cafeteria	24,366	3,284	-	-	27,650	(32,704)	-	-	(5,054)
Payroll Clearing	117,070	6,806,225	6,881,069	-	42,226	6,714,875	6,744,531	-	12,570
Totals	\$ 21,692,683	\$ 50,802,270	\$ 50,833,438	\$ -	\$ 21,661,515	\$ 50,981,899	\$ 50,086,264	\$ -	\$ 22,557,150

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.

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

Other receipts. 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:

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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. Negative Receipts

The financial statement contains some receipts which appear as negative entries. This is a result of how the School Corporation records prepaid cafeteria monies on the financial statement. The School Corporation nets both prepaid income received with meals charged to the prepaid student accounts, with the resulting entry posted to the Pre-Pay Cafeteria fund.

Note 8. 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 and the recording of prepaid income. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The Pre-Pay Cafeteria fund reported a cash balance deficit due to a timing difference with entry for the May and June 2018 net prepaid income, in the amount of \$41,181, being recorded after June 30, 2018.

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into a capital lease with the 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 years ending June 30, 2017 and 2018, totaled \$1,235,000 and \$1,238,765, respectively.

The School Corporation has entered into a capital lease with the 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 years ending June 30, 2017 and 2018, totaled \$714,000 and \$714,000, respectively.

The School Corporation has entered into a capital lease with the 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 years ending June 30, 2017 and 2018, totaled \$1,468,302 and \$1,466,638, respectively.

Note 10. Subsequent Events

On July 11, 2017, the Board of School Trustees authorized \$1,500,000 of funds from the Rainy Day fund for the construction of an additional football locker room to be completed during the 2018-2019 school year. The Board of School Trustees has proposed the issuance of \$5,170,000 in Bonds for the construction of the Transportation Center on April 18, 2019.

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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, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 5,884,251	\$ 811,480	\$ 202,272	\$ 1,661,790	\$ 1,817,316	\$ 486,342	\$ 9,020,633	\$ -
Receipts:								
Local sources	109,456	4,020,738	407,890	2,912,778	2,388,543	292,623	-	-
Intermediate sources	13	-	-	-	-	-	-	-
State sources	28,612,288	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	28,721,757	4,020,738	407,890	2,912,778	2,388,543	292,623	-	-
Disbursements:								
Instruction	18,231,847	-	-	-	-	-	-	-
Support services	7,937,259	-	-	1,606,250	2,134,131	459,828	624,865	-
Noninstructional services	523,057	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,035,177	-	-	2,334,080	-
Debt service	-	3,983,040	376,629	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,692,163	3,983,040	376,629	2,641,427	2,134,131	459,828	2,958,945	-
Excess (deficiency) of receipts over disbursements	2,029,594	37,698	31,261	271,351	254,412	(167,205)	(2,958,945)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	1,700,000	-
Transfers out	(1,600,000)	-	-	-	(100,000)	-	-	-
Total other financing sources (uses)	(1,600,000)	-	-	-	(100,000)	-	1,700,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	429,594	37,698	31,261	271,351	154,412	(167,205)	(1,258,945)	-
Cash and investments - ending	\$ 6,313,845	\$ 849,178	\$ 233,533	\$ 1,933,141	\$ 1,971,728	\$ 319,137	\$ 7,761,688	\$ -

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, 2017

	Construction	Construction/ MHS 2013B	Construction/ 2014A	School Lunch	Textbook Rental	South Central Study Council	Early Intervention Grant	Donation/ Home Bank
Cash and investments - beginning	\$ 169	\$ 41,933	\$ -	\$ 470,764	\$ 442,083	\$ 30,477	\$ 3,364	\$ -
Receipts:								
Local sources	-	-	-	1,126,950	260,438	3,200	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	16,968	142,182	-	22,447	-
Federal sources	-	-	-	1,030,339	-	-	-	-
Temporary loans	-	21,900	99,251	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	21,900	99,251	2,174,257	402,620	3,200	22,447	-
Disbursements:								
Instruction	-	-	90,452	-	-	-	11,112	-
Support services	-	-	-	847	246,670	4,106	1,677	-
Noninstructional services	-	-	-	1,930,109	-	-	-	-
Facilities acquisition and construction	-	44,166	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	44,166	90,452	1,930,956	246,670	4,106	12,789	-
Excess (deficiency) of receipts over disbursements	-	(22,266)	8,799	243,301	155,950	(906)	9,658	-
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	-	(22,266)	8,799	243,301	155,950	(906)	9,658	-
Cash and investments - ending	\$ 169	\$ 19,667	\$ 8,799	\$ 714,065	\$ 598,033	\$ 29,571	\$ 13,022	\$ -

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, 2017

	Newby PLTW Participation	Science Fair American Water	Franciscan Alliance/ 2015/ TURF	Comm Foundation/ Alumni Archives Grant	Still Water Donation	Usage Grant CEC	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 511	\$ 116,562	\$ 11,660	\$ 1,461	\$ 3,281	\$ 1,000	\$ 106
Receipts:								
Local sources	-	4,840	234,964	-	3,648	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	4,840	234,964	-	3,648	-	-	-
Disbursements:								
Instruction	-	453	-	460	-	-	217	-
Support services	-	-	-	-	1,381	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	112,636	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,000	-	-	-
Total disbursements	-	453	112,636	460	2,381	-	217	-
Excess (deficiency) of receipts over disbursements	-	4,387	122,328	(460)	1,267	-	(217)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,387	122,328	(460)	1,267	-	(217)	-
Cash and investments - ending	\$ -	\$ 4,898	\$ 238,890	\$ 11,200	\$ 2,728	\$ 3,281	\$ 783	\$ 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, 2017

	Lilly Endowment/ Planning	Generations MHS Project	MCSC Website Sponsors	Kendrick Nursing	BECP	Tractor Supply Grants/ MHS	United Way Grants	Formative Assessment
Cash and investments - beginning	\$ -	\$ 208	\$ 8,557	\$ 236	\$ 88	\$ 1,000	\$ 2,989	\$ -
Receipts:								
Local sources	30,000	500	-	-	-	-	12,782	-
Intermediate sources	-	-	4,440	-	-	16,700	-	-
State sources	-	-	-	-	-	-	-	52,770
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	30,000	500	4,440	-	-	16,700	12,782	52,770
Disbursements:								
Instruction	-	499	-	-	-	11,625	14,876	-
Support services	11,159	-	6,302	236	-	-	143	42,792
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,159	499	6,302	236	-	11,625	15,019	42,792
Excess (deficiency) of receipts over disbursements	18,841	1	(1,862)	(236)	-	5,075	(2,237)	9,978
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	18,841	1	(1,862)	(236)	-	5,075	(2,237)	9,978
Cash and investments - ending	\$ 18,841	\$ 209	\$ 6,695	\$ -	\$ 88	\$ 6,075	\$ 752	\$ 9,978

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, 2017

	Special Education Excess Costs	Instruction Support	Computer Consortium/ Ed Tech Advance	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 6,147	\$ 55	\$ 21,562	\$ 124,538	\$ -	\$ 94,169	\$ -
Receipts:								
Local sources	-	-	-	77,410	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	11,025	44,594	-	-	38,728	-	10,628	25,708
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	11,025	44,594	-	77,410	38,728	-	10,628	25,708
Disbursements:								
Instruction	-	31,749	-	71,828	-	-	-	12,854
Support services	11,025	-	55	350	-	-	30,000	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	11,025	31,749	55	72,178	-	-	30,000	12,854
Excess (deficiency) of receipts over disbursements	-	12,845	(55)	5,232	38,728	-	(19,372)	12,854
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	-	12,845	(55)	5,232	38,728	-	(19,372)	12,854
Cash and investments - ending	\$ -	\$ 18,992	\$ -	\$ 26,794	\$ 163,266	\$ -	\$ 74,797	\$ 12,854

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, 2017

	Performance Based Awards	Miscellaneous Programs	Technology	High Ability Fee	Consumables	McKinney Vento Grants	Local Wellness Grant	Title I
Cash and investments - beginning	\$ -	\$ 141,453	\$ 105,636	\$ -	\$ 70,251	\$ (3,162)	\$ 130	\$ (29,893)
Receipts:								
Local sources	-	84,334	135,306	2,921	37,054	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	244,710	-	-	-	-	42,677	-	-
Federal sources	-	-	-	-	-	-	-	445,996
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	244,710	84,334	135,306	2,921	37,054	42,677	-	445,996
Disbursements:								
Instruction	244,710	68,272	112,112	15	47,133	43,010	-	388,731
Support services	-	-	-	-	-	-	-	101,769
Noninstructional services	-	-	-	-	-	-	-	6,411
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	244,710	68,272	112,112	15	47,133	43,010	-	496,911
Excess (deficiency) of receipts over disbursements	-	16,062	23,194	2,906	(10,079)	(333)	-	(50,915)
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	-	16,062	23,194	2,906	(10,079)	(333)	-	(50,915)
Cash and investments - ending	\$ -	\$ 157,515	\$ 128,830	\$ 2,906	\$ 60,172	\$ (3,495)	\$ 130	\$ (80,808)

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, 2017

	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Pre-Pay Cafeteria	Payroll Clearing	Totals
Cash and investments - beginning	\$ 2,671	\$ (55,710)	\$ (1,681)	\$ 73,868	\$ (19,320)	\$ 24,366	\$ 117,070	\$ 21,692,683
Receipts:								
Local sources	3,000	-	-	-	-	3,284	-	12,152,659
Intermediate sources	-	-	-	-	-	-	-	21,153
State sources	-	-	-	-	-	-	-	29,264,725
Federal sources	-	758,380	21,958	65,992	113,692	-	-	2,436,357
Temporary loans	-	-	-	-	-	-	-	121,151
Other receipts	-	-	-	-	-	-	6,806,225	6,806,225
Total receipts	3,000	758,380	21,958	65,992	113,692	3,284	6,806,225	50,802,270
Disbursements:								
Instruction	-	751,771	21,868	68,286	175	-	-	20,224,055
Support services	3,396	-	-	-	136,643	-	-	13,360,884
Noninstructional services	-	21,125	-	-	-	-	-	2,480,702
Facilities acquisition and construction	-	-	-	-	-	-	-	3,526,059
Debt service	-	-	-	-	-	-	-	4,359,669
Nonprogrammed charges	-	-	-	-	-	-	6,881,069	6,882,069
Total disbursements	3,396	772,896	21,868	68,286	136,818	-	6,881,069	50,833,438
Excess (deficiency) of receipts over disbursements	(396)	(14,516)	90	(2,294)	(23,126)	3,284	(74,844)	(31,168)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,700,000
Transfers out	-	-	-	-	-	-	-	(1,700,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(396)	(14,516)	90	(2,294)	(23,126)	3,284	(74,844)	(31,168)
Cash and investments - ending	\$ 2,275	\$ (70,226)	\$ (1,591)	\$ 71,574	\$ (42,446)	\$ 27,650	\$ 42,226	\$ 21,661,515

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 6,313,845	\$ 849,178	\$ 233,533	\$ 1,933,141	\$ 1,971,728	\$ 319,137	\$ 7,761,688	\$ -
Receipts:								
Local sources	102,437	3,922,599	369,101	2,926,395	2,433,946	455,543	-	-
Intermediate sources	13	-	-	-	-	-	-	-
State sources	28,732,142	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	28,834,592	3,922,599	369,101	2,926,395	2,433,946	455,543	-	-
Disbursements:								
Instruction	17,858,551	-	-	-	-	-	-	-
Support services	7,939,120	-	-	1,489,174	2,090,742	460,297	634,080	-
Noninstructional services	536,904	-	-	-	-	-	-	-
Facilities acquisition and construction	71,678	-	-	998,406	-	-	1,485,946	-
Debt service	-	3,907,001	378,031	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	26,406,253	3,907,001	378,031	2,487,580	2,090,742	460,297	2,120,026	-
Excess (deficiency) of receipts over disbursements	2,428,339	15,598	(8,930)	438,815	343,204	(4,754)	(2,120,026)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	2,400,000	-
Transfers out	(2,200,000)	-	-	-	(200,000)	-	-	-
Total other financing sources (uses)	(2,200,000)	-	-	-	(200,000)	-	2,400,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	228,339	15,598	(8,930)	438,815	143,204	(4,754)	279,974	-
Cash and investments - ending	\$ 6,542,184	\$ 864,776	\$ 224,603	\$ 2,371,956	\$ 2,114,932	\$ 314,383	\$ 8,041,662	\$ -

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, 2018

	Construction	Construction/ MHS 2013B	Construction/ 2014A	School Lunch	Textbook Rental	South Central Study Council	Early Intervention Grant	Donation/ Home Bank
Cash and investments - beginning	\$ 169	\$ 19,667	\$ 8,799	\$ 714,065	\$ 598,033	\$ 29,571	\$ 13,022	\$ -
Receipts:								
Local sources	-	-	-	1,165,217	270,290	3,900	-	10,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	17,784	144,799	-	20,769	-
Federal sources	-	-	-	1,090,392	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	2,273,393	415,089	3,900	20,769	10,000
Disbursements:								
Instruction	-	-	8,799	-	-	-	8,586	-
Support services	-	-	-	24,903	682,622	5,274	4,751	-
Noninstructional services	-	-	-	2,106,242	-	-	-	-
Facilities acquisition and construction	-	15,160	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	15,160	8,799	2,131,145	682,622	5,274	13,337	-
Excess (deficiency) of receipts over disbursements	-	(15,160)	(8,799)	142,248	(267,533)	(1,374)	7,432	10,000
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	-	(15,160)	(8,799)	142,248	(267,533)	(1,374)	7,432	10,000
Cash and investments - ending	\$ 169	\$ 4,507	\$ -	\$ 856,313	\$ 330,500	\$ 28,197	\$ 20,454	\$ 10,000

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, 2018

	Newby PLTW Participation	Science Fair American Water	Franciscan Alliance/ 2015/ TURF	Comm Foundation/ Alumni Archives Grant	Still Water Donation	Usage Grant CEC	Scholarships and Awards	Miscellaneous Programs
Cash and investments - beginning	\$ -	\$ 4,898	\$ 238,890	\$ 11,200	\$ 2,728	\$ 3,281	\$ 783	\$ 106
Receipts:								
Local sources	10,000	500	131,831	-	2,808	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	10,000	500	131,831	-	2,808	-	-	-
Disbursements:								
Instruction	-	454	-	-	545	-	-	-
Support services	-	-	19,041	-	3,210	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	186,855	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	454	205,896	-	3,755	-	-	-
Excess (deficiency) of receipts over disbursements	10,000	46	(74,065)	-	(947)	-	-	-
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	10,000	46	(74,065)	-	(947)	-	-	-
Cash and investments - ending	\$ 10,000	\$ 4,944	\$ 164,825	\$ 11,200	\$ 1,781	\$ 3,281	\$ 783	\$ 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, 2018

	Lilly Endowment/ Planning	Generations MHS Project	MCSC Website Sponsors	Kendrick Nursing	BECP	Tractor Supply Grants/ MHS	United Way Grants	Formative Assessment
Cash and investments - beginning	\$ 18,841	\$ 209	\$ 6,695	\$ -	\$ 88	\$ 6,075	\$ 752	\$ 9,978
Receipts:								
Local sources	-	-	-	-	-	-	5,500	-
Intermediate sources	-	-	9,080	-	-	2,288	-	-
State sources	-	-	-	-	-	-	-	48,123
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	9,080	-	-	2,288	5,500	48,123
Disbursements:								
Instruction	-	128	-	-	-	1,000	5,018	-
Support services	9,320	-	5,207	-	-	-	89	58,101
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,320	128	5,207	-	-	1,000	5,107	58,101
Excess (deficiency) of receipts over disbursements	(9,320)	(128)	3,873	-	-	1,288	393	(9,978)
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	(9,320)	(128)	3,873	-	-	1,288	393	(9,978)
Cash and investments - ending	\$ 9,521	\$ 81	\$ 10,568	\$ -	\$ 88	\$ 7,363	\$ 1,145	\$ -

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, 2018

	Special Education Excess Costs	Instruction Support	Computer Consortium/ Ed Tech Advance	Adult and Continuing Education	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 18,992	\$ -	\$ 26,794	\$ 163,266	\$ -	\$ 74,797	\$ 12,854
Receipts:								
Local sources	-	-	-	53,807	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	43,966	392,734	-	52,844	-	14,250	29,295
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	43,966	392,734	53,807	52,844	-	14,250	29,295
Disbursements:								
Instruction	-	60,117	-	54,769	-	-	-	23,955
Support services	-	1,797	392,734	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	61,914	392,734	54,769	-	-	-	23,955
Excess (deficiency) of receipts over disbursements	-	(17,948)	-	(962)	52,844	-	14,250	5,340
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	-	(17,948)	-	(962)	52,844	-	14,250	5,340
Cash and investments - ending	\$ -	\$ 1,044	\$ -	\$ 25,832	\$ 216,110	\$ -	\$ 89,047	\$ 18,194

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, 2018

	Performance Based Awards	Miscellaneous Programs	Technology	High Ability Fee	Consumables	McKinney Vento Grants	Local Wellness Grant	Title I
Cash and investments - beginning	\$ -	\$ 157,515	\$ 128,830	\$ 2,906	\$ 60,172	\$ (3,495)	\$ 130	\$ (80,808)
Receipts:								
Local sources	-	106,011	119,022	485	19,489	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	61,183	-	-
Federal sources	-	-	-	-	-	-	-	419,398
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	106,011	119,022	485	19,489	61,183	-	419,398
Disbursements:								
Instruction	-	101,712	131,729	4,164	41,969	60,977	-	282,886
Support services	-	-	-	-	-	-	-	75,154
Noninstructional services	-	-	-	-	-	-	-	6,913
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	101,712	131,729	4,164	41,969	60,977	-	364,953
Excess (deficiency) of receipts over disbursements	-	4,299	(12,707)	(3,679)	(22,480)	206	-	54,445
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,299	(12,707)	(3,679)	(22,480)	206	-	54,445
Cash and investments - ending	\$ -	\$ 161,814	\$ 116,123	\$ (773)	\$ 37,692	\$ (3,289)	\$ 130	\$ (26,363)

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, 2018

	Serve America	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Pre-School Life Skills	Social Service Block Grant - Federal	Improving Teacher Quality, No Child Left, Title II, Part A	Pre-Pay Cafeteria	Payroll Clearing	Totals
Cash and investments - beginning	\$ 2,275	\$ (70,226)	\$ (1,591)	\$ 71,574	\$ (42,446)	\$ 27,650	\$ 42,226	\$ 21,661,515
Receipts:								
Local sources	-	-	-	-	-	(32,704)	-	12,076,177
Intermediate sources	-	-	-	-	-	-	-	11,381
State sources	-	-	-	-	-	-	-	29,557,889
Federal sources	-	880,260	29,085	91,602	110,840	-	-	2,621,577
Temporary loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	6,714,875	6,714,875
Total receipts	-	880,260	29,085	91,602	110,840	(32,704)	6,714,875	50,981,899
Disbursements:								
Instruction	-	882,389	32,381	80,084	-	-	-	19,640,213
Support services	-	-	-	-	96,153	-	-	13,991,769
Noninstructional services	-	16,615	-	-	-	-	-	2,666,674
Facilities acquisition and construction	-	-	-	-	-	-	-	2,758,045
Debt service	-	-	-	-	-	-	-	4,285,032
Nonprogrammed charges	-	-	-	-	-	-	6,744,531	6,744,531
Total disbursements	-	899,004	32,381	80,084	96,153	-	6,744,531	50,086,264
Excess (deficiency) of receipts over disbursements	-	(18,744)	(3,296)	11,518	14,687	(32,704)	(29,656)	895,635
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	2,400,000
Transfers out	-	-	-	-	-	-	-	(2,400,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(18,744)	(3,296)	11,518	14,687	(32,704)	(29,656)	895,635
Cash and investments - ending	\$ 2,275	\$ (88,970)	\$ (4,887)	\$ 83,092	\$ (27,759)	\$ (5,054)	\$ 12,570	\$ 22,557,150

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MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 290,758</u>	<u>\$ -</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
BMO Harris Bank Equip. Finance	2016 Bus Lease	\$ 72,561	8/1/2016	1/15/2020
Cross Roads Bank	Camera Lease	71,678	1/1/2013	7/1/2019
Regions	2014 Bus Lease	76,291	10/1/2014	10/1/2018
Regions	2015 Bus Lease	96,807	12/1/2015	11/1/2019
BMO Harris Bank Equip. Finance	2017 Bus Lease	69,330	8/15/2017	1/15/2021
Mooreville Consolidated School Building Corporation	MCSC QZAB 2014A	81,000	7/15/2015	1/15/2034
Mooreville School Building Corporation	MCSC QZAB 2014B	120,000	7/15/2015	1/15/2034
Mooreville Consolidated School Building Corporation	MCSC Lease 2013/NA (1of4)	70,000	7/15/2014	1/15/2027
Mooreville Consolidated School Building Corporation	MCSC Lease 2013/MHS (2of4)	881,000	7/15/2014	1/15/2030
Mooreville Consolidated Building Corporation	2005 & 2009 Holding Corporation Refinance	1,239,446	7/15/2005	7/15/2019
Mooreville School Building Corporation	MCBC QSCB 2009 MHS	157,000	7/1/2010	1/1/2025
Mooreville School Building Corporation	MSBC QSCB 2010 PHMS	343,575	1/1/2012	1/1/2019
Mooreville School Building Corporation	MSBC 2011 QZAB/New Nwood	501,000	7/15/2012	1/15/2024
Mooreville School Building Corporation	MCSBC QZAB NM 2011B	<u>245,700</u>	6/30/2012	12/31/2020
Total of annual lease payments		<u>\$ 4,025,388</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	COMMOM SCHOOL #1694	\$ 41,790	\$ 41,999
General obligation bonds	Common School #1621	41,790	41,999
General obligation bonds	Common School #1836	206,300	84,377
General obligation bonds	Common School #1942	254,336	87,110
General obligation bonds	MCSC Pension Bond	<u>1,875,000</u>	<u>373,364</u>
Totals		<u>\$ 2,419,216</u>	<u>\$ 628,849</u>

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 100,343
Infrastructure	10
Buildings	37,673,726
Improvements other than buildings	876,604
Machinery, equipment, and vehicles	6,072,228
Construction in progress	10
Books and other	<u>44,722,901</u>
Total capital assets	<u><u>\$ 89,445,822</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE 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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-004, 2018-005, 2018-006, 2018-008, 2018-009, and 2018-011. 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section 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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, 2018-008, 2018-009, 2018-010, and 2018-011, that we consider to be material weaknesses.

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

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

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

Paul D. Joyce
Paul D. Joyce, CPA
State Examiner

February 21, 2019

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, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program FY17			FY2017	\$ 157,880	\$ -
School Breakfast Program FY18			FY2018	-	164,208
Total - School Breakfast Program				157,880	164,208
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program FY17			FY2017	846,391	-
National School Lunch Program Commodities FY17			FY2017	141,321	-
National School Lunch Program FY18			FY2018	-	901,457
National School Lunch Program Commodities FY18			FY2018	-	160,260
Total - National School Lunch Program				987,712	1,061,717
Summer Food Service Program for Children	Indiana Department of Education	10.559			
Summer Food Service Program for Children FY17			FY2017	26,068	-
Summer Food Service Program for Children FY18			FY2018	-	23,277
Total - Summer Food Service Program for Children				26,068	23,277
Total - Child Nutrition Cluster				1,171,660	1,249,202
Total - Department of Agriculture				1,171,660	1,249,202
<u>Department of Education</u>					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I Grants FY16			16-5930	107,744	-
Title I Grants FY17			17-5930	338,251	144,694
Title I Grants FY18			18-5930	-	274,703
Total - Title I Grants to Local Educational Agencies				445,995	419,397
Special Education Cluster (IDEA)	Indiana Department of Education	84.027			
Special Education Grants to States					
Special Ed. Part B 611 FY15			14215-123-PN01	1,016	-
Special Ed. Part B 611 FY16			14216-123-PN01	244,855	4,951
Special Ed. Part B 611 FY17			14217-123-PN01	512,509	401,484
Special Ed. Part B 611 FY18			18611-123-PN01	-	473,825
Total - Special Education Grants to States				758,380	880,260

MOORESVILLE CONSOLIDATED SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173			
Special Ed. Part B 619 Preschool FY16			45716-123-PN01	6,387	4,920
Special Ed. Part B 619 Preschool FY17			45717-123-PN01	15,572	13,289
Special Ed. Part B 619 Preschool FY18			18619-123-PN01	-	10,876
Total - Special Education Preschool Grants				21,959	29,085
Total - Special Education Cluster (IDEA)				780,339	909,345
Education for Homeless Children and Youth	Indiana Department of Education	84.196			
McKinney-Vento FY16			FY 2015-16	12,558	-
McKinney-Vento FY17			FY 2016-17	30,119	24,662
McKinney-Vento FY18			FY 2017-18	-	36,521
Total - Education for Homeless Children and Youth				42,677	61,183
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II FY16			16-5930	82,934	-
Title II FY17			17-5930	30,759	77,455
Title II FY18			18-5930	-	33,385
Total - Supporting Effective Instruction State Grants				113,693	110,840
Total - Department of Education				1,382,704	1,500,765
Total federal awards expended				\$ 2,554,364	\$ 2,749,967

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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

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

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat of Finding 2016-002 from the immediately prior audit.

Condition

Management of the School Corporation had not established an adequate internal control system related to the approval of accounts payable vouchers and payroll disbursements by the fiscal officer.

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

Context

The lack of controls was a systemic issue, as controls over the accounts payable vouchers and payroll disbursements were not in place during 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;
- (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 could have enabled misstatements or irregularities to remain undetected.

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

Recommendation

We recommended that the School Corporation establish a system of internal control related to financial transactions and reporting.

Views of Responsible Officials

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

FINDING 2018-002

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

Repeat Finding

This is a repeat of Finding 2016-001 from the immediately prior audit.

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 National School Lunch Program Commodities expenditures were understated by \$141,321 for fiscal year 2016-2017 and overstated by \$45 for fiscal year 2017-2018.
- The Special Education Grants to States expenditures were understated by \$1,016 and \$71,345 for fiscal year 2016-2017 and 2017-2018, respectively.
- The Title I Grants to Local Educational Agencies expenditures were understated by \$80,832 for fiscal year 2017-2018.
- The Education for Homeless Children and Youth expenditures were understated by \$3,495 for fiscal year 2017-2018.
- The Supporting Effective Instruction State Grant expenditures were understated by \$42,071 for fiscal year 2017-2018.

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

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

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. . . ."

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

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.

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

- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

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 to remain undetected.

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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2017, FY2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Program Income, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - School Food Accounts, Special Tests and Provisions - Paid Lunch Equity

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Findings 2016-003, 2016-004, and 2016-005 from the immediately prior audit regarding Activities Allowed or Unallowed, Program Income, Reporting, Special Tests and Provisions - School Food Accounts, and Special Tests and Provisions - Paid Lunch Equity.

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 compliance requirements listed above.

Activities Allowed or Unallowed

There were no controls in place to ensure payroll expenditures were being reviewed for accuracy and allowability prior to the initiation of payment.

Program Income

The School Corporation had not separated incompatible activities within the assessment and recording of program income. There were no control procedures in place to ensure that the proper meal prices were being charged or that program income was properly recorded in the School Lunch fund.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the Annual Financial Reports and Verification Summary Report were accurate prior to submission. There was no segregation of duties, such as an oversight, review, or approval process.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) - (School Breakfast Program and National School Lunch Program only)

The School Corporation had not separated incompatible activities related to the reverification of accepted free and reduced applications. There was no documentation of a control in place, such as an oversight, review, or approval process to ensure the verifications were properly performed.

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 it was being used only for child nutrition purposes. There was no segregation of duties, such as an oversight, review, or approval process.

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

The School Corporation had not separated incompatible activities related to the accuracy of the paid lunch equity data submitted to the Indiana Department of Education for the federal award programs. There was no segregation of duties, such as an oversight, review, or approval process to ensure that accurate data was entered into the Paid Lunch Equity Tool.

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

Context

The lack of properly designed and implemented controls was a systemic issue, which occurred throughout the audit period.

Criteria

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 system of internal control placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

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 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 2018-004

Subject: Child Nutrition Cluster - Cash Management
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): FY2017, FY2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

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

Repeat Finding

This is a repeat of Finding 2016-004 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 Cash Management compliance requirement. The School Corporation did not monitor net cash resources in the School Lunch fund to ensure that the School Lunch fund's net cash resources did not exceed 3 months average expenditures.

The School Lunch fund's net cash resources exceeded 3 months average expenditures during 13 of 24 months in the audit period. This excess ranged from \$81,196 to \$231,326 in fiscal year 2016-2017 and from \$95,767 to \$323,527 in fiscal year 2017-2018.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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). . . ."

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

7 CFR 220.7(e) states in part:

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

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

Cause

The School Corporation's management had not established and implemented an effective internal control system to ensure compliance with the Cash Management compliance requirement.

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 in non-compliance with the grant agreement and the Cash Management compliance requirement.

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 Cash Management 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 2018-005

Subject: Child Nutrition Cluster - 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 Number and Year (or Other Identifying Number): FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-006 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 suspension and debarment requirements.

Suspension and Debarment

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into covered transactions for the period for fiscal year 2016-2017.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout fiscal year 2016-2017.

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

Criteria

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."

Cause

The School Corporation had not established and implemented effective internal controls to ensure compliance with 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.

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 2018-006

Subject: Child Nutrition Cluster - 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): FY2017, FY2018
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 2016-003 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.

Adequate time records for time worked were not maintained by 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 Allowable Costs/Cost Principles compliance requirement.

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

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)

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); . . .
- (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

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

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 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.

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

FINDING 2018-007

Subject: Title I Grants to Local Educational Agencies - Internal Controls
Federal Agency: Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Numbers and Years (or Other Identifying Numbers): 16-5930, 17-5930, 18-5930
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Special Tests and Provisions - Comparability, Special Tests and
Provisions - Assessment System Security
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-007 from the immediately prior audit concerning 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 compliance requirements listed above.

Activities Allowed or Unallowed

There were no controls in place to ensure payroll expenditures were being reviewed for accuracy and allowability prior to the initiation of payment. The School Corporation's internal controls were not effective to ensure grant funds were expended for allowable activities.

Allowable Costs/Cost Principles

There were no controls in place to ensure payroll expenditures were being reviewed for accuracy to the initiation of payment.

Special Tests and Provisions - Comparability

There were no controls in place to ensure the accuracy of the contents included on the Title I Comparability Report. Data regarding student and teacher count was provided by a separate individual; however, there was not any evidence that those values were examined for accuracy by another individual prior to submission.

Special Tests and Provisions - Assessment System Security

There were no controls in place to ensure that any individual who administered, handled, or had access to secure test materials at the School Corporation completed assessment training and retained the testing agreement on file at the appropriate office.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

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

Criteria

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 control that segregated key functions.

Effect

The failure to establish an effective system of internal control placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the 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 2018-008

Subject: Title I Grants to Local Educational Agencies - Eligibility
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): 16-5930, 17-5930, 18-5930
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
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 Eligibility compliance requirement.

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

All non-public enrollment counts reported on the Title I Eligibility School Summary Report differed from the School Corporation's records.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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). . . ."

34 CFR 200.78(a)(1) states:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

Cause

The School Corporation had not designed or implemented an effective internal control system that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective system of internal control placed the School Corporation in noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

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 2018-009

Subject: Title I Grants to Local Educational Agencies - Suspension and Debarment
Federal Agency: Indiana 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): 16-5930, 17-5930, 18-5930
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This a repeat of Finding 2016-008 from the immediately prior audit.

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 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 and noncompliance with suspension and debarment requirements were systemic issues throughout the audit period.

Criteria

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

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

(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 Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective system of internal control placed the School Corporation in noncompliance with the grant agreement and the suspension and debarment 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 2018-010

Subject: Special Education Cluster (IDEA) - Internal Controls

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): 14215-123-PN01, 14216-123-PN01,
14217-123-PN01, 18611-123-PN01,
45716-123-PN01, 45717-123-PN01,
18619-123-PN01

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Findings 2016-009 and 2016-010 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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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

Activities Allowed or Unallowed

There were no controls in place to ensure payroll expenditures were being reviewed for accuracy and allowability prior to the initiation of payment. The School Corporation's internal controls were not effective to ensure grant funds were expended for allowable activities. Control procedures were implemented beginning in January 2018.

Allowable Costs/Cost Principles

There were no controls in place to ensure payroll expenditures were being reviewed for accuracy and allowability prior to the initiation of payment. The School Corporation's internal controls were not effective to ensure grant funds were expended for allowable costs. Control procedures were implemented beginning in January 2018.

Context

The lack of controls was a systemic issue, which occurred from July 1, 2016 through December 31, 2017.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

The School Corporation had not developed an internal control system that segregated key functions.

Effect

The failure to establish an effective system of internal control placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management continue to utilize the controls implemented in January 2018 to ensure compliance with 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 2018-011

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): 14215-123-PN01, 14216-123-PN01,
14217-123-PN01, 18611-123-PN01,
45716-123-PN01, 45717-123-PN01,
18619-123-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2016-011 from the immediately prior audit.

Condition

The School Corporation had not established an effective internal control system in order to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation did not have effective monitoring procedures in place to ensure that federal procurement requirements were being followed during the disbursement process. In addition, no documentation was retained to provide evidence that the School Corporation verified that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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)

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 system of internal control enabled noncompliance 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.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

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

Contact Person: Jacob Allen

Contact Phone Number: 317-831-0950

Status of Finding:

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


Completion Date: December 31, 2018



(Signature)



(Title)



(Date)

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FINDING 2016-002 – Internal Controls Over Financial Transactions

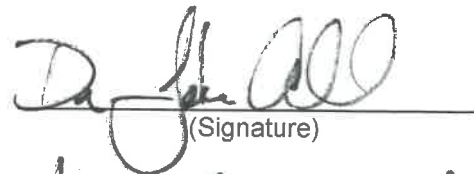
Contact Person: Jacob Allen

Contact Phone Number: 317-831-0950

Status of Finding:

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

Completion Date: April 17, 2018


(Signature)

Asst. Superintendent
(Title)

1-15-19
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-003

Fiscal year in which the finding initially occurred: 2016

Federal Agency: Department of Agriculture

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Daniel Williams

Contact Phone Number: 317-931-0950

Status of Audit Finding:

The Food Services Director signs off and approves all cafeteria manager's time cards; Cafeteria manager's sign off and approve all cafeteria employee time cards. Additionally, the payroll specialist puts together a payroll summary report in which the director signs off and approves. These documents are kept with the payroll specialist.

Date of Implementation: 7/1/2018

FINDING 2016-004

Fiscal year in which the finding initially occurred: 2016

Federal Agency: Department of Agriculture

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Daniel Williams

Contact Phone Number: 317-931-0950

Status of Audit Finding:

Cash Management

The food service director documents 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 provides documentations as to how the balance will be used.

Eligibility

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, which are separate from the 3% of applications that are pulled for verification.

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Reporting

The food service support specialist verifies and signs off on Annual Financial claims prepared by the food service director.

The corporation treasurer provides monthly detailed reports which are verified and signed off on by the food service director. These controls are in place to ensure that all reimbursements are being receipted timely and accurately.

Special Tests and Provisions

Paid Lunch Equity tools have been documented in order to substantiate the figures used in the PLE tool.

Date of Implementation: 7/1/2018

FINDING 2016-005

Fiscal year in which the finding initially occurred: 2016
Federal Agency: Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Daniel Williams
Contact Phone Number: 317-931-0950

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

Date of Implementation: 7/1/2018

FINDING 2016-006

Fiscal year in which the finding initially occurred: 2016
Federal Agency: Department of Agriculture
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Daniel Williams
Contact Phone Number: 317-931-0950

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

Date of Implementation: 7/1/2018



(Signature)

Food Service Director

(Title)

8/4/2019

(Date)

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Summary Schedule of Prior Audit Findings

Finding 2016-007

Fiscal year in which the finding originally occurred: 2016
Federal Agency: U.S. Department of Education
Pass-Through Entity: Indiana Department of Education
Contact Person: Casey Gibson
Contact Number: 317-831-0950

Status of Audit Finding:

As of 1-22-2019 internal controls for 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 have been put in to effect. Special Test and Provisions- Comparability will be completed by the Director of Title I. The report will be reviewed by the Assistant Superintendent. All documentation related to the Comparability Report will be maintained in the Director of Title I's office. Special Test and Provisions- Highly Qualified Teachers and Para-Professionals will be completed by the Director of Title I. The report will be reviewed by the Assistant Superintendent. All documentation related to Highly Qualified Teachers and Paraprofessionals will be kept in personnel files located at the Education Center. Special Tests and Provisions-Annual Report Card, High School Graduation Rate report is completed by the district Skyward Director. The Mooresville High School guidance staff will conduct graduation surveys and enter accurate student exit codes into Skyward. All of this documentation will be kept at the building level. The district Skyward Director will extract the data from Skyward and will run the Graduation Rate Report. This report will be sent to Mooresville High School's Principal and Guidance Director. The Principal and Guidance Director will review the report and sign-off on the report when accurate. Documentation for the Graduation Rate Report will be kept by the Skyward Director at the Education Center.

Finding 2016-008

Fiscal year in which the finding originally occurred: 2016

Federal Agency: U.S. Department of Education

Pass-Through Entity: Indiana Department of Education

Contact Person: Casey Gibson

Contact Number: 317-831-0950

Status of Audit Finding:

Effect immediately an internal control system with a segregation of duties has been put in place in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment.

In regard to Procurements made with Title I funds, the Director of Title I will be responsible for getting quotes if the amount exceeds \$3500 or keep documentation for a sole source. These will be reviewed by the Assistant Superintendent.

In regard to Title I funds to a single vendor that exceed \$25,000 in a calendar year, the Director of Title I will check the status of Suspension or Debarment using the website SAM.gov. Documentation will be reviewed by the Assistant Superintendent. Documentation will be maintained in the Director of Title I's office.

Casey Gibson
(Signature)

Director of Title I
(Title)

2-14-2019
(Date)

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-009

Fiscal year in which the finding initially occurred: 2016

Federal Agency: Department of Education

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Susie Hurt

Contact Phone Number: (317) 831-0950

Status of Finding:

Activities Allowed and Unallowed

Vendor: administrative assistant checks all vendors on the SAMS website to make sure that they are in good standing. Once this has been checked, the director prepares the purchase order, signs off on the purchase, and then the assistant treasurer reviews and signs off on the purchase.

Payroll: the administrative assistant crosschecks to ensure that employees are paid from the proper account. The payroll report is then sent to the payroll specialist where it is reviewed and approved before issuance.

Date of Implementation: 2/21/18

Level of Effort – Maintenance of Effort

The Director of Special Education, along with a consultant, reviews the district Form 9s; the consultant calculates and reviews expenditures, and the director verifies the calculations before the data is entered into the grant application. After the grant is prepared, the director reviews the grant with the superintendent, whom also approves and signs off on the grant application.

Date of Implementation: on going for 10+ years. Director of Special Education along with Consultant meet for 2-3 days each summer to complete MOE report. We meet end of June or early July, depending on when the DOE sends out the district's budgeted amount.

Reporting

The Director of Special Education prepares the final expenditure report with the treasurer. Both the Director and the treasurer sign off on the final reimbursement form which is submitted with the Final Report.

Date of Implementation: 11/15/17

FINDING 2016-010

Fiscal year in which the finding initially occurred: 2016
Federal Agency: Department of Education
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Susie Hurt
Contact Phone Number: (317) 831-0950

Status of Audit Finding:

Payroll and Vendors: The Director of Special Education prepares the final expenditure report with the treasurer. Both the director and the treasurer sign off on the report before it is sent to the assistant superintendent of business to be reviewed and approved.

Semi-annual Certification: Documents at the end of each semester by Susie Hurt, Director of Special Education, for those paid 100% out of the grant. Time and Effort documentation is maintained and located in each Fiscal Year's binder, located in Susie Hurt's office.

Date of Implementation: 12/30/15

FINDING 2016-011

Fiscal year in which the finding initially occurred: 2016
Federal Agency: Department of Education
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Susie Hurt
Contact Phone Number: (317) 831-0950

Status of Audit Finding:

Procurement: When placing an order over \$3500, The Director of Special Education procures three quotes and documents this process. If MCSC is already in contract with a company this is noted as a "sole source."

Suspension and Debarment: Director of Special Education prepares and retains a binder of verification that vendors were not suspended or debarred from participating in federal programs before entering into a contract. Jessica Farb, Administrative Secretary, reviews and approve the vendor forms and they are maintained in the Administrative Secretary's office

Date of Implementation: 2/21/18

Susie Hurt
(Signature)

Director of Sp. Ed.
(Title)

2/19/19
(Date)

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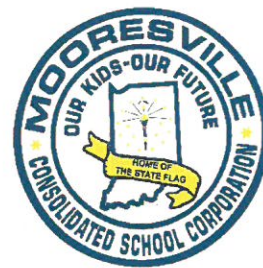
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CORRECTIVE ACTION PLAN

FINDING 2018-001 Controls Over Finance Transactions

Contact Person Responsible for Corrective Action: Dr. Jake Allen

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Approval of Accounts Payable Vouchers: Payroll specialist signs off on the vouchers and then the vouchers are reviewed by the treasurer and signed off on.

Payroll Disbursements: Payroll disbursements are generated by the payroll specialist, and the office manager reviews and approves the payroll disbursement before payroll is complete.

Anticipated Completion Date: August, 2018

FINDING 2018-002 Preparation of Schedule Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Dr. Jake Allen

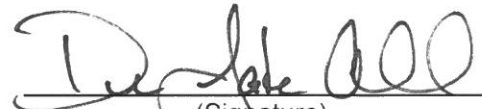
Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The Annual Financial Report is prepared by the district financial consultant and is then reviewed by the assistant superintendent. The treasurer then reviews before submitting the report on Gateway.

Anticipated Completion Date: August, 2018


(Signature)

Asst. Superintendent
(Title)

2-20-19
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2018-003

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:

Activities Allowed or Unallowed

The Food Services Director signs off and approves all cafeteria manager's time cards; Cafeteria manager's sign off and approve all cafeteria employee time cards. Additionally, the payroll specialist puts together a payroll summary report in which the director signs off and approves. These documents are kept with the payroll specialist. The Treasurer will additionally review and sign off on all payroll claims charged to the food service fund.

Program Income

Treasurer sends monthly financial reports to the food services director to review and sign off. At this time, both the treasurer and food service director have reviewed the reports for accuracy. Detailed reports were not created until after the last audit, so those might not have been observed in this audit.

Beginning with school year 2018-2019 the food services support specialist will review Form 9 data and sign off before providing this data to the food service director. The director will review and approve the data before submitting it to the treasurer.

Reporting

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. The food service director will also verify and sign off on verification summary report prepared by food service support specialist.

Special Tests and Provisions – Verification of Free and Reduced Price Applications

Beginning with the 2017-2018 the food service director will verify and sign off on verification summary report prepared by food service support specialist. The food service director performs the initial confirmation review.

Special Tests and Provisions – School Food Accounts


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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.

Special Tests and Provisions – Paid Lunch Equity

To ensure the accuracy of the report beginning school year 2018-2019, the PLE worksheet will be reviewed by the food service specialist and signed off on before going to the DOE for approval and then to the school board for approval of prices.

Anticipated Completion Date: July 1, 2019


(Signature)

Food Service Director
(Title)

2/20/2019

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CORRECTIVE ACTION PLAN

FINDING 2018-004

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

Views of Responsible Official: We concur with the finding.

The food service director documented that food service fund was in excess of the 3 months operating income. The food service director did note that the excess funds were being held in reserve for a large equipment purchase for the amount of the excess funds. Current procedures will remain in place and the DOE will be contacted with the "spend-down plan", at the conclusion of a school year when balances are in excess of 3 months operating expenditures.

Anticipated Completion Date: 7/1/2019

(Signature)

Daniel Williams

(Title)

Food Service Director

2/20/2019

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CORRECTIVE ACTION PLAN

FINDING 2018-005

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 service department will verify all vendors above the federal threshold will be verified on sam.gov for possible suspension or debarment. All procurement records will be retained. Both the food service specialist and the food service director will review and sign off on the SAMS verification report. The report will be maintained in the food services office.

Anticipated Completion Date: July 1, 2019



(Signature)

Food Service Director

(Title)

2/20/2019

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CORRECTIVE ACTION PLAN

FINDING 2018-006

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:

The Food Services Director signs off and approves all cafeteria manager's time cards; Cafeteria manager's sign off and approve all cafeteria employee time cards. Additionally, the payroll specialist puts together a payroll summary report in which the director signs off and approves. These documents are kept with the payroll specialist. The Treasurer additionally approves all payroll claims charged to the food services fund.

Anticipated Completion Date: April 1, 2018

Daluttl-
(Signature)

Food Service Director
(Title)

2/20/2019

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CORRECTIVE ACTION PLAN

Finding 2018-007

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

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Correction Action Plan:

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: (a) Activities Allowed or Unallowed, (b) Allowable Costs--Cost Principals, (c) Special Tests and Provisions-Comparability, and (d) Special Tests and Provisions-Assessment of System Security.
 - a. Payroll reports will be printed and reviewed by the Treasure. She will initial the reports when they are correct to her knowledge. These records will be retained in the Treasure's office. The Treasure will also run a payroll report for all funds paid by a Title I account. The Director of Title I will review the report and initial the report when it is correct. This documentation will be kept in the Director of Title I's office.
 - b. Payroll reports will be printed and reviewed by the Treasure. She will initial the reports when they are correct to her knowledge. These records will be retained in the Treasure's office. The Treasure will also run a payroll report for all funds paid by a Title I account. The Director of Title I will review the report and initial the report when it is correct. This documentation will be kept in the Director of Title I's office.
 - c. Comparability reports will be completed by the Director of Title I. The report will be reviewed and initialed by the Assistant Superintendent of Curriculum and Instruction when it is accurate. This documentation will be kept in the Director of Title I's office.

- d. When a training is held for assessment security compliance, a sign-in sheet will be maintained. The sign-in sheets will be reviewed and initialed by the Assistant Superintendent. All sign-in sheets will be maintained on file in the appropriate office.

Anticipated Completion Date: March 1, 2019

Finding 2018-008

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

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of the Correction Action Plan:

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: (a) maintain proper documentation to support the enrollment and poverty amounts reported for public schools within the Local Educational Agency on the Title I eligibility school summary page as well as (b) maintain proper documentation for non-public enrollment reported on the Title I eligibility school summary page.
 - a. A copy of the completed ADM report as well as the poverty count submitted to the IDOE will be kept and used to verify the IDOE's uploaded enrollment and poverty numbers on the eligible school summary page. Prior to beginning the grant, the Director of Title I will verify the enrollment and poverty numbers on the eligible school summary page and if there is a discrepancy the Director of Title I will contact the IDOE. This documentation will be maintained in the Director of Title I's office.
 - b. A copy of non-public student verified addresses will be kept and used to verify the IDOE's uploaded enrollment numbers on the eligible school summary page. Prior to beginning the grant, the Director of Title I will verify the enrollment numbers on the eligible school summary page and if there is a discrepancy the Director of Title I will contact the IDOE. This documentation will be maintained in the Director of Title I's office.

Anticipated Completion Date: March 1, 2019

Finding 2018-009

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

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Correction Action Plan:

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: (a) Procurement and (b) Suspension and Debarment.
 - a. In regard to Procurements made with Title I funds, the Director of Title I will be responsible for getting quotes if the amount exceeds \$3500 or keep documentation for a sole source. These will be reviewed by the Assistant Superintendent.
 - b. In regard to Title I funds to a single vendor that exceed \$25,000 in a calendar year, the Director of Title I will check the status of Suspension or Debarment using the website SAM.gov. Documentation will be reviewed by the Assistant Superintendent. Documentation will be maintained in the Director of Title I's office.

Anticipated Completion Date: March 1, 2019

Casey G. Gibson
(Signature)

Director of Title I
(Title)

2-20-2019
(Date)

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CORRECTIVE ACTION PLAN

FINDING 2018-010 Special Education Cluster

Contact Person Responsible for Corrective Action: Susie Hurt

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Activities Allowed and Unallowed: Payroll expenditures are reviewed for accuracy by the treasurer and the special education secretary. The treasurer provides the sped secretary with a Payroll Distribution Report; the secretary checks the names and account numbers to ensure that they are being paid out of the correct account.

Anticipated Completion Date: January 19, 2018

Allowable Costs and Cost Principles: Payroll expenditures are reviewed for accuracy by the treasurer and the special education secretary. The treasurer provides the sped secretary with a Payroll Distribution Report; the secretary checks the names and account numbers to ensure that they are being paid out of the correct account.

Anticipated Completion Date: January 19, 2018

FINDING 2018-011 – Internal Controls Over Financial Transactions

Contact Person Responsible for Corrective Action: Susie Hurt

Contact Phone Number: 317-831-0950

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

To meet the Procurement, Suspension and Disbarment compliance requirement, the special education secretary crosschecks all vendors with the SAMS website and then maintains a document of each vendor's status. Furthermore, these documents will be reviewed and initialed by the director of special education. All documentation will be maintained the secretary of special education's office.

Anticipated Completion Date: March 1, 2019

Susie Hurt
(Signature)

Director of Special Education
(Title)

2/20/19
(Date)

OTHER REPORTS

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