

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

MOUNT VERNON COMMUNITY  
SCHOOL CORPORATION  
HANCOCK COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**

06/17/2019



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SCHEDULE OF OFFICIALS

| <u>Office</u>                    | <u>Official</u>              | <u>Term</u>          |
|----------------------------------|------------------------------|----------------------|
| Business Manager/Treasurer       | Brian Tomamichel             | 07-01-16 to 06-30-17 |
|                                  | (Vacant)                     | 07-01-17 to 09-24-17 |
|                                  | Chris Smedley                | 09-25-17 to 06-30-19 |
| Superintendent<br>of Schools     | Dr. William S. Robbins       | 07-01-16 to 05-30-18 |
|                                  | Chris Smedley (co-interim)   | 06-01-18 to 12-31-18 |
|                                  | Heather Noesges (co-interim) | 06-01-18 to 12-31-18 |
|                                  | Dr. Jack Parker              | 01-01-19 to 12-31-19 |
| President of the<br>School Board | Michael S. McCarty           | 07-01-16 to 12-31-17 |
|                                  | Shannon Walls                | 01-01-18 to 12-31-19 |



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Mount Vernon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 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 and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated May 13, 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

May 13, 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 MOUNT VERNON COMMUNITY SCHOOL  
CORPORATION, HANCOCK COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Mount Vernon Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated May 13, 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 no 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 2018-001.

**Mount Vernon Community School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

May 13, 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.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

| Fund                                   | Cash and<br>Investments<br>07-01-16 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-17 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-18 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| General                                | \$ 3,182,545                        | \$ 23,714,530 | \$ 23,581,300 | \$ -                                 | \$ 3,315,775                        | \$ 26,349,924 | \$ 26,952,569 | \$ (1,387,768)                       | \$ 1,325,362                        |
| Referendum Tax Levy                    | 653,736                             | 560,586       | -             | (1,214,322)                          | -                                   | -             | -             | -                                    | -                                   |
| Debt Service                           | 3,013,555                           | 11,576,063    | 10,319,396    | (2,512,500)                          | 1,757,722                           | 13,107,126    | 9,917,761     | (36,559)                             | 4,910,528                           |
| Retirement/Severance Bond Debt Service | 244,902                             | 363,606       | 494,490       | -                                    | 114,018                             | 241,206       | 360,567       | -                                    | (5,343)                             |
| Capital Projects                       | (124,604)                           | 4,844,969     | 6,327,051     | 2,282,500                            | 675,814                             | 4,338,820     | 6,709,721     | (3,219)                              | (1,698,306)                         |
| School Transportation                  | 489,076                             | 1,478,671     | 1,644,668     | -                                    | 323,079                             | 1,060,562     | 1,771,374     | -                                    | (387,733)                           |
| School Bus Replacement                 | 458                                 | 45,968        | 233,834       | 250,000                              | 62,592                              | 127,786       | 123,298       | -                                    | 67,080                              |
| Rainy Day                              | 2,406,485                           | -             | 736,537       | 425,071                              | 2,095,019                           | 545,262       | 906,537       | -                                    | 1,733,744                           |
| Retirement/Severance Bond              | 1,122,513                           | (1,893)       | 498,774       | -                                    | 621,846                             | (260,771)     | 340,083       | -                                    | 20,992                              |
| Construction                           | 1                                   | -             | 172,751       | -                                    | (172,750)                           | 667,700       | 494,950       | -                                    | -                                   |
| School Lunch                           | 543,191                             | 2,646,861     | 2,855,643     | -                                    | 334,409                             | 1,506,089     | 1,829,060     | -                                    | 11,438                              |
| Textbook Rental                        | 25,443                              | 570,777       | 574,594       | -                                    | 21,626                              | 553,627       | 840,769       | -                                    | (265,516)                           |
| Repair and Replacement                 | -                                   | 82,127        | 31,361        | -                                    | 50,766                              | (30,591)      | 34,003        | -                                    | (13,828)                            |
| Self-Insurance                         | (76,173)                            | 3,348,215     | 3,854,221     | 300,000                              | (282,179)                           | 4,648,020     | 4,781,162     | 322,904                              | (92,417)                            |
| Child Care Program                     | -                                   | 223,651       | 470,770       | -                                    | (247,119)                           | 466,634       | 593,197       | 297,135                              | (76,547)                            |
| Educational License Plates             | 6,384                               | -             | -             | -                                    | 6,384                               | (6,120)       | -             | -                                    | 264                                 |
| Alternative Education                  | -                                   | -             | -             | -                                    | -                                   | 3,407         | -             | -                                    | 3,407                               |
| Early Intervention Grant               | -                                   | 18,597        | -             | -                                    | 18,597                              | -             | -             | -                                    | 18,597                              |
| Counseling Grant                       | -                                   | 30,086        | 2,343         | -                                    | 27,743                              | 3,125         | 30,868        | -                                    | -                                   |
| Special Olympics - 2017                | -                                   | 3,480         | 2,339         | -                                    | 1,141                               | 2,550         | 2,009         | -                                    | 1,682                               |
| Promise Hancock County Grant           | -                                   | 35,000        | 3,341         | -                                    | 31,659                              | 31,525        | 23,279        | -                                    | 39,905                              |
| SOS Fund                               | 6,892                               | -             | -             | -                                    | 6,892                               | (6,892)       | -             | -                                    | -                                   |
| Harvest Church, MES Donation           | 475                                 | -             | -             | -                                    | 475                                 | (475)         | -             | -                                    | -                                   |
| Coca Cola Donation Fund                | 11,385                              | 23,951        | 31,784        | -                                    | 3,552                               | 14,491        | 11,298        | -                                    | 6,745                               |
| International Program Donation         | -                                   | 13,271        | 12,224        | -                                    | 1,047                               | 58,952        | 47,604        | -                                    | 12,395                              |
| Rotary & Realtors Donation             | 24                                  | -             | -             | -                                    | 24                                  | (24)          | -             | -                                    | -                                   |
| MCE PTO I.A. Donation                  | (95,231)                            | -             | 230           | -                                    | (95,461)                            | -             | 74            | 95,535                               | -                                   |
| Summer School; Elementary PTO          | 1,593                               | -             | -             | -                                    | 1,593                               | (1,593)       | -             | -                                    | -                                   |
| Covance Labs Donation                  | 1,000                               | -             | -             | -                                    | 1,000                               | (1,000)       | -             | -                                    | -                                   |
| MVEF Foundation Grants                 | (2,320)                             | -             | -             | -                                    | (2,320)                             | -             | -             | -                                    | (2,320)                             |
| MVEF Director Fund                     | 2,294                               | 17,039        | 19,189        | -                                    | 144                                 | 42,153        | 42,770        | -                                    | (473)                               |
| Extra-Curricular Activities            | 8,700                               | -             | -             | (8,700)                              | -                                   | -             | -             | -                                    | -                                   |
| PTP Pay to Participate Fund            | (498,146)                           | -             | 1,937         | 497,953                              | (2,130)                             | -             | -             | 2,131                                | 1                                   |
| MVEF Facility Rental                   | -                                   | -             | -             | -                                    | -                                   | 83,028        | 18,308        | -                                    | 64,720                              |
| Miscellaneous Programs                 | 23,897                              | -             | -             | -                                    | 23,897                              | (23,897)      | -             | -                                    | -                                   |
| Gifted and Talented 2016-17            | -                                   | 39,774        | 4,286         | -                                    | 35,488                              | -             | -             | -                                    | 35,488                              |
| Gifted and Talented 2010-11            | (31)                                | -             | -             | -                                    | (31)                                | -             | -             | 31                                   | -                                   |
| Gifted and Talented 2011-12            | (12,136)                            | -             | -             | -                                    | (12,136)                            | 990           | 990           | 12,136                               | -                                   |
| Gifted and Talented 2012-13            | (1,597)                             | -             | 7,998         | -                                    | (9,595)                             | 5,677         | 700           | 9,595                                | 4,977                               |
| Gifted and Talented 2013-14            | (1,212)                             | -             | -             | -                                    | (1,212)                             | -             | 300           | 1,213                                | (299)                               |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

| Fund   | Cash and<br>Investments<br>07-01-16 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-17 | Receipts      | Disbursements | Other<br>Financing<br>Sources (Uses) | Cash and<br>Investments<br>06-30-18 |
|--|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|---------------|---------------|--------------------------------------|-------------------------------------|
| Gifted and Talented 2014-15                          | (39,270)                            | -             | 18,257        | -                                    | (57,527)                            | 915           | 915           | 57,527                               | -                                   |
| Gifted and Talented 2017-18                          | -                                   | -             | -             | -                                    | -                                   | 35,692        | 12,277        | -                                    | 23,415                              |
| Secured Schools Safety Grant                         | (48,528)                            | 32,003        | 44,217        | -                                    | (60,742)                            | (179)         | 48,145        | 76,575                               | (32,491)                            |
| Non-English Speaking Programs                        | 5,698                               | 3,200         | 2,350         | -                                    | 6,548                               | 4,500         | 795           | -                                    | 10,253                              |
| LEP-(ESL) Form ECESC                                 | 930                                 | -             | -             | -                                    | 930                                 | -             | -             | -                                    | 930                                 |
| State Connectivity                                   | 19,543                              | 10,628        | -             | -                                    | 30,171                              | (22,402)      | -             | -                                    | 7,769                               |
| Technology Grants                                    | -                                   | 333,100       | 333,100       | -                                    | -                                   | -             | -             | -                                    | -                                   |
| Common School Tech Loan                              | -                                   | -             | 87,706        | -                                    | (87,706)                            | 287,440       | 357,225       | -                                    | (157,491)                           |
| Career and Technical Performance Grant               | -                                   | 6,903         | -             | -                                    | 6,903                               | (6,903)       | -             | -                                    | -                                   |
| Performance Based Awards                             | (742)                               | -             | -             | -                                    | (742)                               | 742           | -             | -                                    | -                                   |
| Technology Planning Grant                            | (50,675)                            | -             | 33,301        | -                                    | (83,976)                            | 2,580         | 162,112       | 239,804                              | (3,704)                             |
| Miscellaneous Programs                               | (2,195)                             | -             | 2,390         | -                                    | (4,585)                             | -             | -             | 4,585                                | -                                   |
| Indiana Literacy Early Inter                         | -                                   | -             | -             | -                                    | -                                   | 18,415        | -             | -                                    | 18,415                              |
| MV Cooperative Closet                                | -                                   | -             | -             | -                                    | -                                   | 250           | -             | -                                    | 250                                 |
| Digital Learning Grant                               | -                                   | -             | -             | -                                    | -                                   | 15,274        | 6,698         | -                                    | 8,576                               |
| Title I FY11   | (76)                                | -             | -             | -                                    | (76)                                | -             | -             | 76                                   | -                                   |
| Title I FY12   | (174,973)                           | -             | -             | -                                    | (174,973)                           | -             | -             | 174,973                              | -                                   |
| Title I FY13   | 142,548                             | -             | -             | -                                    | 142,548                             | -             | -             | (142,548)                            | -                                   |
| Title I FY14   | (58)                                | -             | -             | -                                    | (58)                                | -             | -             | 58                                   | -                                   |
| Title I FY15   | (174,629)                           | 259,094       | 58,365        | -                                    | 26,100                              | 19,290        | 99,418        | -                                    | (54,028)                            |
| Title I FY17   | -                                   | 1,794         | 224,052       | -                                    | (222,258)                           | 232,571       | 107,894       | 28,880                               | (68,701)                            |
| Title I FY18   | -                                   | -             | -             | -                                    | -                                   | 175,643       | -             | -                                    | 175,643                             |
| (IDEA, Part B) LEA Capacity Building (Sliver) Grants | -                                   | 540,471       | 554,302       | -                                    | (13,831)                            | 358,725       | 501,766       | 127,780                              | (29,092)                            |
| IDEA Part B 611                                      | -                                   | -             | -             | -                                    | -                                   | 750           | 206,935       | -                                    | (206,185)                           |
| IDEA Part B 619 FY 2017                              | -                                   | 52            | 32,097        | -                                    | (32,045)                            | 22,233        | 6,582         | 32,176                               | 15,782                              |
| IDEA Part B 619 FY 2018                              | -                                   | -             | -             | -                                    | -                                   | -             | 28,968        | -                                    | (28,968)                            |
| Title II - Part A; FY11 (2011-12)                    | 1,134                               | -             | -             | -                                    | 1,134                               | (1,134)       | 2,045         | -                                    | (2,045)                             |
| Title II - Part A; FY12 (2012-13)                    | (3,110)                             | -             | -             | -                                    | (3,110)                             | -             | -             | 3,110                                | -                                   |
| Title II - Part A; FY13 (2013-14)                    | (44,092)                            | -             | -             | -                                    | (44,092)                            | -             | -             | 44,092                               | -                                   |
| Title II - Part A; FY 17 (2016-17)                   | -                                   | -             | 37,500        | -                                    | (37,500)                            | 50,450        | -             | -                                    | 12,950                              |
| Title II - Part A; FY 18 (2017-18)                   | -                                   | -             | -             | -                                    | -                                   | -             | 37,500        | -                                    | (37,500)                            |
| Title II - Part D                                    | 5,809                               | -             | -             | -                                    | 5,809                               | (5,809)       | -             | -                                    | -                                   |
| Fiscal Stabilization - Education                     | 12,845                              | -             | -             | -                                    | 12,845                              | (12,845)      | -             | -                                    | -                                   |
| Payroll Withholdings                                 | (502,304)                           | 18,058        | 186,486       | -                                    | (670,732)                           | 1,336,393     | 556,269       | -                                    | 109,392                             |
| Totals   | \$ 10,080,954                       | \$ 50,840,632 | \$ 53,495,184 | \$ 20,002                            | \$ 7,446,404                        | \$ 56,039,882 | \$ 57,968,795 | \$ (39,778)                          | \$ 5,477,713                        |

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

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

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

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

*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.

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

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

*F. Other Financing Sources and Uses*

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

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

*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.

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

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

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

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts**

The financial statement contains some receipts which appear as negative entries. This is a result of prior period cash adjustments that were recommended by their third-party accounting consultant.

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

**Note 8. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. In some instances, it was the result of funds being set up for reimbursable grants. In other instances, it was the result of posting errors, entries not posted to the funds in a timely manner, and expenses occurring prior to collections.

**Note 9. Holding Corporations**

The School Corporation has entered into a capital lease with Mt Vernon School Building Corporation of Hancock County (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018, totaled \$6,610,000 and \$6,311,187, respectively.

The School Corporation has entered into capital leases with Mt Vernon of Hancock County Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years 2017 and 2018, totaled \$4,559,100 and \$4,861,100, respectively.

**Note 10. Other Postemployment Benefits**

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

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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.

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

|   | General      | Referendum<br>Tax<br>Levy | Debt<br>Service | Retirement/<br>Severance<br>Bond<br>Debt<br>Service | Capital<br>Projects | School<br>Transportation | School<br>Bus<br>Replacement | Rainy<br>Day | Retirement/<br>Severance<br>Bond |
|---|--------------|---------------------------|-----------------|---|---------------------|--------------------------|------------------------------|--------------|----------------------------------|
| Cash and investments - beginning  | \$ 3,182,545 | \$ 653,736                | \$ 3,013,555    | \$ 244,902  | \$ (124,604)        | \$ 489,076               | \$ 458                       | \$ 2,406,485 | \$ 1,122,513                     |
| Receipts:   |              |                           |                 |   |                     |                          |                              |              |                                  |
| Local sources   | 523,543      | 560,586                   | 11,575,283      | 363,606   | 4,844,969           | 1,478,671                | 45,968                       | -            | (1,893)                          |
| State sources   | 23,190,987   | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Federal sources   | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Temporary loans   | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Other receipts  | -            | -                         | 780             | -   | -                   | -                        | -                            | -            | -                                |
| Total receipts  | 23,714,530   | 560,586                   | 11,576,063      | 363,606   | 4,844,969           | 1,478,671                | 45,968                       | -            | (1,893)                          |
| Disbursements:  |              |                           |                 |   |                     |                          |                              |              |                                  |
| Current:  |              |                           |                 |   |                     |                          |                              |              |                                  |
| Instruction   | 17,231,773   | -                         | -               | -   | -                   | -                        | -                            | 206,380      | 498,774                          |
| Support services  | 5,889,299    | -                         | 258,902         | -   | 4,573,642           | 1,544,238                | 233,834                      | 524,157      | -                                |
| Noninstructional services   | 433,411      | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Facilities acquisition and construction   | -            | -                         | -               | -   | 1,753,409           | 100,430                  | -                            | 6,000        | -                                |
| Debt service  | -            | -                         | 10,060,494      | 494,490   | -                   | -                        | -                            | -            | -                                |
| Nonprogrammed charges   | 26,817       | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Interfund loans   | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Total disbursements   | 23,581,300   | -                         | 10,319,396      | 494,490   | 6,327,051           | 1,644,668                | 233,834                      | 736,537      | 498,774                          |
| Excess (deficiency) of receipts over disbursements  | 133,230      | 560,586                   | 1,256,667       | (130,884)   | (1,482,082)         | (165,997)                | (187,866)                    | (736,537)    | (500,667)                        |
| Other financing sources (uses):   |              |                           |                 |   |                     |                          |                              |              |                                  |
| Proceeds of long-term debt  | -            | -                         | -               | -   | 20,000              | -                        | -                            | -            | -                                |
| Transfers in  | -            | -                         | -               | -   | 2,262,500           | -                        | 250,000                      | 425,071      | -                                |
| Transfers out   | -            | (1,214,322)               | (2,512,500)     | -   | -                   | -                        | -                            | -            | -                                |
| Total other financing sources (uses)  | -            | (1,214,322)               | (2,512,500)     | -   | 2,282,500           | -                        | 250,000                      | 425,071      | -                                |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 133,230      | (653,736)                 | (1,255,833)     | (130,884)   | 800,418             | (165,997)                | 62,134                       | (311,466)    | (500,667)                        |
| Cash and investments - ending   | \$ 3,315,775 | \$ -                      | \$ 1,757,722    | \$ 114,018  | \$ 675,814          | \$ 323,079               | \$ 62,592                    | \$ 2,095,019 | \$ 621,846                       |

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

|   | Construction | School Lunch | Textbook Rental | Repair and Replacement | Self-Insurance | Child Care Program | Educational License Plates | Alternative Education | Early Intervention Grant |
|---|--------------|--------------|-----------------|------------------------|----------------|--------------------|----------------------------|-----------------------|--------------------------|
| Cash and investments - beginning  | \$ 1         | \$ 543,191   | \$ 25,443       | \$ -                   | \$ (76,173)    | \$ -               | \$ 6,384                   | \$ -                  | \$ -                     |
| Receipts:   |              |              |                 |                        |                |                    |                            |                       |                          |
| Local sources   | -            | 1,710,931    | 494,544         | 82,127                 | 3,348,215      | 223,651            | -                          | -                     | -                        |
| State sources   | -            | 23,381       | 76,233          | -                      | -              | -                  | -                          | -                     | 18,597                   |
| Federal sources   | -            | 520,998      | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Temporary loans   | -            | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Other receipts  | -            | 391,551      | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Total receipts  | -            | 2,646,861    | 570,777         | 82,127                 | 3,348,215      | 223,651            | -                          | -                     | 18,597                   |
| Disbursements:  |              |              |                 |                        |                |                    |                            |                       |                          |
| Current:  |              |              |                 |                        |                |                    |                            |                       |                          |
| Instruction   | -            | -            | -               | -                      | -              | 470,770            | -                          | -                     | -                        |
| Support services  | -            | 83,989       | 336,962         | 31,361                 | 279,134        | -                  | -                          | -                     | -                        |
| Noninstructional services   | -            | 1,806,097    | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Facilities acquisition and construction   | 172,751      | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Debt service  | -            | -            | 237,632         | -                      | -              | -                  | -                          | -                     | -                        |
| Nonprogrammed charges   | -            | 574,006      | -               | -                      | 3,575,087      | -                  | -                          | -                     | -                        |
| Interfund loans   | -            | 391,551      | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Total disbursements   | 172,751      | 2,855,643    | 574,594         | 31,361                 | 3,854,221      | 470,770            | -                          | -                     | -                        |
| Excess (deficiency) of receipts over disbursements  | (172,751)    | (208,782)    | (3,817)         | 50,766                 | (506,006)      | (247,119)          | -                          | -                     | 18,597                   |
| Other financing sources (uses):   |              |              |                 |                        |                |                    |                            |                       |                          |
| Proceeds of long-term debt  | -            | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Transfers in  | -            | 391,551      | 1,589           | -                      | 300,000        | -                  | -                          | -                     | -                        |
| Transfers out   | -            | (391,551)    | (1,589)         | -                      | -              | -                  | -                          | -                     | -                        |
| Total other financing sources (uses)  | -            | -            | -               | -                      | 300,000        | -                  | -                          | -                     | -                        |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (172,751)    | (208,782)    | (3,817)         | 50,766                 | (206,006)      | (247,119)          | -                          | -                     | 18,597                   |
| Cash and investments - ending   | \$ (172,750) | \$ 334,409   | \$ 21,626       | \$ 50,766              | \$ (282,179)   | \$ (247,119)       | \$ 6,384                   | \$ -                  | \$ 18,597                |

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

|   | Counseling<br>Grant | Special<br>Olympics -<br>2017 | Promise<br>Hancock<br>County<br>Grant | SOS<br>Fund | Harvest<br>Church,<br>MES<br>Donation | Coca<br>Cola<br>Donation<br>Fund | International<br>Program<br>Donation | Rotary &<br>Realtors<br>Donation | MCE<br>PTO<br>I.A.<br>Donation |
|---|---------------------|-------------------------------|---------------------------------------|-------------|---------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------|
| Cash and investments - beginning  | \$ -                | \$ -                          | \$ -                                  | \$ 6,892    | \$ 475                                | \$ 11,385                        | \$ -                                 | \$ 24                            | \$ (95,231)                    |
| Receipts:   |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Local sources   | 86                  | 2,850                         | 35,000                                | -           | -                                     | 23,951                           | 13,271                               | -                                | -                              |
| State sources   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Federal sources   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Temporary loans   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Other receipts  | 30,000              | 630                           | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total receipts  | 30,086              | 3,480                         | 35,000                                | -           | -                                     | 23,951                           | 13,271                               | -                                | -                              |
| Disbursements:  |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Current:  |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Instruction   | -                   | 2,339                         | -                                     | -           | -                                     | -                                | -                                    | -                                | 230                            |
| Support services  | 2,343               | -                             | 3,341                                 | -           | -                                     | 31,784                           | 12,224                               | -                                | -                              |
| Noninstructional services   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Facilities acquisition and construction   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Debt service  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Nonprogrammed charges   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Interfund loans   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total disbursements   | 2,343               | 2,339                         | 3,341                                 | -           | -                                     | 31,784                           | 12,224                               | -                                | 230                            |
| Excess (deficiency) of receipts over disbursements  | 27,743              | 1,141                         | 31,659                                | -           | -                                     | (7,833)                          | 1,047                                | -                                | (230)                          |
| Other financing sources (uses):   |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Proceeds of long-term debt  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Transfers in  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Transfers out   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total other financing sources (uses)  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 27,743              | 1,141                         | 31,659                                | -           | -                                     | (7,833)                          | 1,047                                | -                                | (230)                          |
| Cash and investments - ending   | \$ 27,743           | \$ 1,141                      | \$ 31,659                             | \$ 6,892    | \$ 475                                | \$ 3,552                         | \$ 1,047                             | \$ 24                            | \$ (95,461)                    |

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

|   | Summer<br>School;<br>Elementary<br>PTO | Covance<br>Labs<br>Donation | MVEF<br>Foundation<br>Grants | MVEF<br>Director<br>Fund | Extra-<br>Curricular<br>Activities | PTP<br>Pay to<br>Participate<br>Fund | MVEF<br>Facility<br>Rental | Miscellaneous<br>Programs | Gifted<br>and<br>Talented<br>2016-17 |
|---|--|-----------------------------|------------------------------|--------------------------|------------------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
| Cash and investments - beginning  | \$ 1,593                               | \$ 1,000                    | \$ (2,320)                   | \$ 2,294                 | \$ 8,700                           | \$ (498,146)                         | \$ -                       | \$ 23,897                 | \$ -                                 |
| Receipts:   |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Local sources   | -                                      | -                           | -                            | 17,039                   | -                                  | -                                    | -                          | -                         | -                                    |
| State sources   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | 39,774                               |
| Federal sources   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Temporary loans   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Other receipts  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Total receipts  | -                                      | -                           | -                            | 17,039                   | -                                  | -                                    | -                          | -                         | 39,774                               |
| Disbursements:  |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Current:  |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Instruction   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | 4,286                                |
| Support services  | -                                      | -                           | -                            | 19,189                   | -                                  | -                                    | -                          | -                         | -                                    |
| Noninstructional services   | -                                      | -                           | -                            | -                        | -                                  | 1,937                                | -                          | -                         | -                                    |
| Facilities acquisition and construction   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Debt service  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Nonprogrammed charges   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Interfund loans   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Total disbursements   | -                                      | -                           | -                            | 19,189                   | -                                  | 1,937                                | -                          | -                         | 4,286                                |
| Excess (deficiency) of receipts over<br>disbursements   | -                                      | -                           | -                            | (2,150)                  | -                                  | (1,937)                              | -                          | -                         | 35,488                               |
| Other financing sources (uses):   |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Proceeds of long-term debt  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Transfers in  | -                                      | -                           | -                            | -                        | -                                  | 497,953                              | -                          | -                         | -                                    |
| Transfers out   | -                                      | -                           | -                            | -                        | (8,700)                            | -                                    | -                          | -                         | -                                    |
| Total other financing sources (uses)  | -                                      | -                           | -                            | -                        | (8,700)                            | 497,953                              | -                          | -                         | -                                    |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | -                                      | -                           | -                            | (2,150)                  | (8,700)                            | 496,016                              | -                          | -                         | 35,488                               |
| Cash and investments - ending   | \$ 1,593                               | \$ 1,000                    | \$ (2,320)                   | \$ 144                   | \$ -                               | \$ (2,130)                           | \$ -                       | \$ 23,897                 | \$ 35,488                            |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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|   | Gifted<br>and<br>Talented<br>2010-11 | Gifted<br>and<br>Talented<br>2011-12 | Gifted<br>and<br>Talented<br>2012-13 | Gifted<br>and<br>Talented<br>2013-14 | Gifted<br>and<br>Talented<br>2014-15 | Gifted<br>and<br>Talented<br>2017-18 | Secured<br>Schools<br>Safety<br>Grant | Non-English<br>Speaking<br>Programs |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
| Cash and investments - beginning  | \$ (31)                              | \$ (12,136)                          | \$ (1,597)                           | \$ (1,212)                           | \$ (39,270)                          | \$ -                                 | \$ (48,528)                           | \$ 5,698                            |
| Receipts:   |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Local sources   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | 32,003                                | -                                   |
| State sources   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | 3,200                               |
| Federal sources   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Temporary loans   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Other receipts  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total receipts  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | 32,003                                | 3,200                               |
| Disbursements:  |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Current:  |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Instruction   | -                                    | -                                    | 7,998                                | -                                    | 18,257                               | -                                    | -                                     | 2,350                               |
| Support services  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | 44,217                                | -                                   |
| Noninstructional services   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Facilities acquisition and construction   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Debt service  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Nonprogrammed charges   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Interfund loans   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total disbursements   | -                                    | -                                    | 7,998                                | -                                    | 18,257                               | -                                    | 44,217                                | 2,350                               |
| Excess (deficiency) of receipts over<br>disbursements   | -                                    | -                                    | (7,998)                              | -                                    | (18,257)                             | -                                    | (12,214)                              | 850                                 |
| Other financing sources (uses):   |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Proceeds of long-term debt  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Transfers in  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Transfers out   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total other financing sources (uses)  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | -                                    | -                                    | (7,998)                              | -                                    | (18,257)                             | -                                    | (12,214)                              | 850                                 |
| Cash and investments - ending   | \$ (31)                              | \$ (12,136)                          | \$ (9,595)                           | \$ (1,212)                           | \$ (57,527)                          | \$ -                                 | \$ (60,742)                           | \$ 6,548                            |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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 For the Year Ended June 30, 2017

|   | LEP-(ESL)<br>Form<br>ECESC | State<br>Connectivity | Technology<br>Grants | Common<br>School<br>Tech<br>Loan | Career and<br>Technical<br>Performance<br>Grant | Performance<br>Based<br>Awards | Technology<br>Planning<br>Grant | Miscellaneous<br>Programs |
|---|----------------------------|-----------------------|----------------------|----------------------------------|---|--------------------------------|---------------------------------|---------------------------|
| Cash and investments - beginning  | \$ 930                     | \$ 19,543             | \$ -                 | \$ -                             | \$ -  | \$ (742)                       | \$ (50,675)                     | \$ (2,195)                |
| Receipts:   |                            |                       |                      |                                  |   |                                |                                 |                           |
| Local sources   | -                          | 10,628                | -                    | -                                | -   | -                              | -                               | -                         |
| State sources   | -                          | -                     | -                    | -                                | 1,684   | -                              | -                               | -                         |
| Federal sources   | -                          | -                     | -                    | -                                | 5,219   | -                              | -                               | -                         |
| Temporary loans   | -                          | -                     | 333,100              | -                                | -   | -                              | -                               | -                         |
| Other receipts  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total receipts  | -                          | 10,628                | 333,100              | -                                | 6,903   | -                              | -                               | -                         |
| Disbursements:  |                            |                       |                      |                                  |   |                                |                                 |                           |
| Current:  |                            |                       |                      |                                  |   |                                |                                 |                           |
| Instruction   | -                          | -                     | -                    | -                                | -   | -                              | -                               | 2,390                     |
| Support services  | -                          | -                     | 333,100              | 87,706                           | -   | -                              | 9,625                           | -                         |
| Noninstructional services   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Facilities acquisition and construction   | -                          | -                     | -                    | -                                | -   | -                              | 23,676                          | -                         |
| Debt service  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Nonprogrammed charges   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Interfund loans   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total disbursements   | -                          | -                     | 333,100              | 87,706                           | -   | -                              | 33,301                          | 2,390                     |
| Excess (deficiency) of receipts over disbursements  | -                          | 10,628                | -                    | (87,706)                         | 6,903   | -                              | (33,301)                        | (2,390)                   |
| Other financing sources (uses):   |                            |                       |                      |                                  |   |                                |                                 |                           |
| Proceeds of long-term debt  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Transfers in  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Transfers out   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total other financing sources (uses)  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                          | 10,628                | -                    | (87,706)                         | 6,903   | -                              | (33,301)                        | (2,390)                   |
| Cash and investments - ending   | \$ 930                     | \$ 30,171             | \$ -                 | \$ (87,706)                      | \$ 6,903  | \$ (742)                       | \$ (83,976)                     | \$ (4,585)                |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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|   | Indiana<br>Literacy<br>Early<br>Inter | MV<br>Cooperative<br>Closet | Digital<br>Learning<br>Grant | Title I<br>FY11 | Title I<br>FY12 | Title I<br>FY13 | Title I<br>FY14 | Title I<br>FY15 |
|---|---------------------------------------|-----------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash and investments - beginning  | \$ -                                  | \$ -                        | \$ -                         | \$ (76)         | \$ (174,973)    | \$ 142,548      | \$ (58)         | \$ (174,629)    |
| Receipts:   |                                       |                             |                              |                 |                 |                 |                 |                 |
| Local sources   | -                                     | -                           | -                            | -               | -               | -               | -               | (415)           |
| State sources   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Federal sources   | -                                     | -                           | -                            | -               | -               | -               | -               | 259,509         |
| Temporary loans   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Other receipts  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Total receipts  | -                                     | -                           | -                            | -               | -               | -               | -               | 259,094         |
| Disbursements:  |                                       |                             |                              |                 |                 |                 |                 |                 |
| Current:  |                                       |                             |                              |                 |                 |                 |                 |                 |
| Instruction   | -                                     | -                           | -                            | -               | -               | -               | -               | 58,365          |
| Support services  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Noninstructional services   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Facilities acquisition and construction   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Debt service  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Nonprogrammed charges   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Interfund loans   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Total disbursements   | -                                     | -                           | -                            | -               | -               | -               | -               | 58,365          |
| Excess (deficiency) of receipts over disbursements  | -                                     | -                           | -                            | -               | -               | -               | -               | 200,729         |
| Other financing sources (uses):   |                                       |                             |                              |                 |                 |                 |                 |                 |
| Proceeds of long-term debt  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Transfers in  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Transfers out   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Total other financing sources (uses)  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                                     | -                           | -                            | -               | -               | -               | -               | 200,729         |
| Cash and investments - ending   | \$ -                                  | \$ -                        | \$ -                         | \$ (76)         | \$ (174,973)    | \$ 142,548      | \$ (58)         | \$ 26,100       |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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|   | Title I<br>FY17     | Title I<br>FY18 | (IDEA, Part B)<br>LEA Capacity<br>Building<br>(Sliver)<br>Grants | IDEA<br>Part B<br>611 | IDEA<br>Part B<br>619<br>FY 2017 | IDEA<br>Part B<br>619<br>FY 2018 | Title II -<br>Part A;<br>FY11<br>(2011-12) | Title II -<br>Part A;<br>FY12<br>(2012-13) |
|---|---------------------|-----------------|--|-----------------------|----------------------------------|----------------------------------|--|--|
| Cash and investments - beginning  | \$ -                | \$ -            | \$ -   | \$ -                  | \$ -                             | \$ -                             | \$ 1,134                                   | \$ (3,110)                                 |
| Receipts:   |                     |                 |  |                       |                                  |                                  |  |  |
| Local sources   | 1,794               | -               | 1,052  | -                     | 52                               | -                                | -  | -  |
| State sources   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Federal sources   | -                   | -               | 539,419  | -                     | -                                | -                                | -  | -  |
| Temporary loans   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Other receipts  | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Total receipts  | <u>1,794</u>        | <u>-</u>        | <u>540,471</u>   | <u>-</u>              | <u>52</u>                        | <u>-</u>                         | <u>-</u>                                   | <u>-</u>                                   |
| Disbursements:  |                     |                 |  |                       |                                  |                                  |  |  |
| Current:  |                     |                 |  |                       |                                  |                                  |  |  |
| Instruction   | 224,052             | -               | 554,302  | -                     | 32,097                           | -                                | -  | -  |
| Support services  | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Noninstructional services   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Facilities acquisition and construction   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Debt service  | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Nonprogrammed charges   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Interfund loans   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Total disbursements   | <u>224,052</u>      | <u>-</u>        | <u>554,302</u>   | <u>-</u>              | <u>32,097</u>                    | <u>-</u>                         | <u>-</u>                                   | <u>-</u>                                   |
| Excess (deficiency) of receipts over disbursements  | <u>(222,258)</u>    | <u>-</u>        | <u>(13,831)</u>  | <u>-</u>              | <u>(32,045)</u>                  | <u>-</u>                         | <u>-</u>                                   | <u>-</u>                                   |
| Other financing sources (uses):   |                     |                 |  |                       |                                  |                                  |  |  |
| Proceeds of long-term debt  | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Transfers in  | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Transfers out   | -                   | -               | -  | -                     | -                                | -                                | -  | -  |
| Total other financing sources (uses)  | <u>-</u>            | <u>-</u>        | <u>-</u>   | <u>-</u>              | <u>-</u>                         | <u>-</u>                         | <u>-</u>                                   | <u>-</u>                                   |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>(222,258)</u>    | <u>-</u>        | <u>(13,831)</u>  | <u>-</u>              | <u>(32,045)</u>                  | <u>-</u>                         | <u>-</u>                                   | <u>-</u>                                   |
| Cash and investments - ending   | <u>\$ (222,258)</u> | <u>\$ -</u>     | <u>\$ (13,831)</u>   | <u>\$ -</u>           | <u>\$ (32,045)</u>               | <u>\$ -</u>                      | <u>\$ 1,134</u>                            | <u>\$ (3,110)</u>                          |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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|   | Title II -<br>Part A;<br>FY13<br>(2013-14) | Title II -<br>Part A;<br>FY17<br>(2016-17) | Title II -<br>Part A;<br>FY18<br>(2017-18) | Title II -<br>Part D | Fiscal<br>Stabilization -<br>Education | Payroll<br>Withholdings | Totals        |
|---|--|--|--|----------------------|--|-------------------------|---------------|
| Cash and investments - beginning  | \$ (44,092)                                | \$ -                                       | \$ -                                       | \$ 5,809             | \$ 12,845                              | \$ (502,304)            | \$ 10,080,954 |
| Receipts:   |  |  |  |                      |  |                         |               |
| Local sources   | -  | -  | -  | -                    | -                                      | -                       | 25,387,512    |
| State sources   | -  | -  | -  | -                    | -                                      | -                       | 23,353,856    |
| Federal sources   | -  | -  | -  | -                    | -                                      | -                       | 1,325,145     |
| Temporary loans   | -  | -  | -  | -                    | -                                      | -                       | 333,100       |
| Other receipts  | -  | -  | -  | -                    | -                                      | 18,058                  | 441,019       |
| Total receipts  | -  | -  | -  | -                    | -                                      | 18,058                  | 50,840,632    |
| Disbursements:  |  |  |  |                      |  |                         |               |
| Current:  |  |  |  |                      |  |                         |               |
| Instruction   | -  | -  | -  | -                    | -                                      | -                       | 19,314,363    |
| Support services  | -  | 37,500                                     | -  | -                    | -                                      | -                       | 14,336,547    |
| Noninstructional services   | -  | -  | -  | -                    | -                                      | -                       | 2,241,445     |
| Facilities acquisition and construction   | -  | -  | -  | -                    | -                                      | -                       | 2,056,266     |
| Debt service  | -  | -  | -  | -                    | -                                      | -                       | 10,792,616    |
| Nonprogrammed charges   | -  | -  | -  | -                    | -                                      | 186,486                 | 4,362,396     |
| Interfund loans   | -  | -  | -  | -                    | -                                      | -                       | 391,551       |
| Total disbursements   | -  | 37,500                                     | -  | -                    | -                                      | 186,486                 | 53,495,184    |
| Excess (deficiency) of receipts over<br>disbursements   | -  | (37,500)                                   | -  | -                    | -                                      | (168,428)               | (2,654,552)   |
| Other financing sources (uses):   |  |  |  |                      |  |                         |               |
| Proceeds of long-term debt  | -  | -  | -  | -                    | -                                      | -                       | 20,000        |
| Transfers in  | -  | -  | -  | -                    | -                                      | -                       | 4,128,664     |
| Transfers out   | -  | -  | -  | -                    | -                                      | -                       | (4,128,662)   |
| Total other financing sources (uses)  | -  | -  | -  | -                    | -                                      | -                       | 20,002        |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | -  | (37,500)                                   | -  | -                    | -                                      | (168,428)               | (2,634,550)   |
| Cash and investments - ending   | \$ (44,092)                                | \$ (37,500)                                | \$ -                                       | \$ 5,809             | \$ 12,845                              | \$ (670,732)            | \$ 7,446,404  |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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 For the Year Ended June 30, 2018

|   | General      | Referendum<br>Tax<br>Levy | Debt<br>Service | Retirement/<br>Severance<br>Bond<br>Debt<br>Service | Capital<br>Projects | School<br>Transportation | School<br>Bus<br>Replacement | Rainy<br>Day | Retirement/<br>Severance<br>Bond |
|---|--------------|---------------------------|-----------------|---|---------------------|--------------------------|------------------------------|--------------|----------------------------------|
| Cash and investments - beginning  | \$ 3,315,775 | \$ -                      | \$ 1,757,722    | \$ 114,018  | \$ 675,814          | \$ 323,079               | \$ 62,592                    | \$ 2,095,019 | \$ 621,846                       |
| Receipts:   |              |                           |                 |   |                     |                          |                              |              |                                  |
| Local sources   | 1,444,148    | -                         | 13,107,126      | 241,206   | 4,338,820           | 1,060,562                | 74,171                       | 545,262      | (260,771)                        |
| Intermediate sources  | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| State sources   | 24,905,776   | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Federal sources   | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Temporary loans   | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Other receipts  | -            | -                         | -               | -   | -                   | -                        | 53,615                       | -            | -                                |
| Total receipts  | 26,349,924   | -                         | 13,107,126      | 241,206   | 4,338,820           | 1,060,562                | 127,786                      | 545,262      | (260,771)                        |
| Disbursements:  |              |                           |                 |   |                     |                          |                              |              |                                  |
| Current:  |              |                           |                 |   |                     |                          |                              |              |                                  |
| Instruction   | 18,838,345   | -                         | -               | -   | 49,531              | 1,547                    | -                            | 459,825      | 340,083                          |
| Support services  | 6,908,483    | -                         | 40,405          | -   | 3,526,901           | 1,712,913                | 123,298                      | 193,561      | -                                |
| Noninstructional services   | 462,599      | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Facilities acquisition and construction   | -            | -                         | -               | -   | 3,133,289           | 56,914                   | -                            | 253,151      | -                                |
| Debt service  | -            | -                         | 9,877,356       | 360,567   | -                   | -                        | -                            | -            | -                                |
| Nonprogrammed charges   | 743,142      | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Total disbursements   | 26,952,569   | -                         | 9,917,761       | 360,567   | 6,709,721           | 1,771,374                | 123,298                      | 906,537      | 340,083                          |
| Excess (deficiency) of receipts over disbursements  | (602,645)    | -                         | 3,189,365       | (119,361)   | (2,370,901)         | (710,812)                | 4,488                        | (361,275)    | (600,854)                        |
| Other financing sources (uses):   |              |                           |                 |   |                     |                          |                              |              |                                  |
| Proceeds of long-term debt  | -            | -                         | -               | -   | (3,219)             | -                        | -                            | -            | -                                |
| Transfers in  | -            | -                         | -               | -   | -                   | -                        | -                            | -            | -                                |
| Transfers out   | (1,387,768)  | -                         | (36,559)        | -   | -                   | -                        | -                            | -            | -                                |
| Total other financing sources (uses)  | (1,387,768)  | -                         | (36,559)        | -   | (3,219)             | -                        | -                            | -            | -                                |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (1,990,413)  | -                         | 3,152,806       | (119,361)   | (2,374,120)         | (710,812)                | 4,488                        | (361,275)    | (600,854)                        |
| Cash and investments - ending   | \$ 1,325,362 | \$ -                      | \$ 4,910,528    | \$ (5,343)  | \$ (1,698,306)      | \$ (387,733)             | \$ 67,080                    | \$ 1,733,744 | \$ 20,992                        |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2018

|   | Construction | School Lunch | Textbook Rental | Repair and Replacement | Self-Insurance | Child Care Program | Educational License Plates | Alternative Education | Early Intervention Grant |
|---|--------------|--------------|-----------------|------------------------|----------------|--------------------|----------------------------|-----------------------|--------------------------|
| Cash and investments - beginning  | \$ (172,750) | \$ 334,409   | \$ 21,626       | \$ 50,766              | \$ (282,179)   | \$ (247,119)       | \$ 6,384                   | \$ -                  | \$ 18,597                |
| Receipts:   |              |              |                 |                        |                |                    |                            |                       |                          |
| Local sources   | 667,700      | 957,281      | 466,512         | (30,591)               | 4,344,826      | 416,446            | (6,383)                    | -                     | -                        |
| Intermediate sources  | -            | -            | -               | -                      | -              | -                  | 263                        | -                     | -                        |
| State sources   | -            | 21,659       | 87,115          | -                      | -              | -                  | -                          | 3,407                 | -                        |
| Federal sources   | -            | 527,149      | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Temporary loans   | -            | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Other receipts  | -            | -            | -               | -                      | 303,194        | 50,188             | -                          | -                     | -                        |
| Total receipts  | 667,700      | 1,506,089    | 553,627         | (30,591)               | 4,648,020      | 466,634            | (6,120)                    | 3,407                 | -                        |
| Disbursements:  |              |              |                 |                        |                |                    |                            |                       |                          |
| Current:  |              |              |                 |                        |                |                    |                            |                       |                          |
| Instruction   | -            | -            | -               | -                      | -              | 593,197            | -                          | -                     | -                        |
| Support services  | -            | 4,747        | 413,464         | 34,003                 | 508,958        | -                  | -                          | -                     | -                        |
| Noninstructional services   | -            | 1,824,313    | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Facilities acquisition and construction   | 494,950      | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Debt service  | -            | -            | 427,305         | -                      | -              | -                  | -                          | -                     | -                        |
| Nonprogrammed charges   | -            | -            | -               | -                      | 4,272,204      | -                  | -                          | -                     | -                        |
| Total disbursements   | 494,950      | 1,829,060    | 840,769         | 34,003                 | 4,781,162      | 593,197            | -                          | -                     | -                        |
| Excess (deficiency) of receipts over disbursements  | 172,750      | (322,971)    | (287,142)       | (64,594)               | (133,142)      | (126,563)          | (6,120)                    | 3,407                 | -                        |
| Other financing sources (uses):   |              |              |                 |                        |                |                    |                            |                       |                          |
| Proceeds of long-term debt  | -            | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Transfers in  | -            | -            | -               | -                      | 322,904        | 297,135            | -                          | -                     | -                        |
| Transfers out   | -            | -            | -               | -                      | -              | -                  | -                          | -                     | -                        |
| Total other financing sources (uses)  | -            | -            | -               | -                      | 322,904        | 297,135            | -                          | -                     | -                        |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 172,750      | (322,971)    | (287,142)       | (64,594)               | 189,762        | 170,572            | (6,120)                    | 3,407                 | -                        |
| Cash and investments - ending   | \$ -         | \$ 11,438    | \$ (265,516)    | \$ (13,828)            | \$ (92,417)    | \$ (76,547)        | \$ 264                     | \$ 3,407              | \$ 18,597                |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Counseling<br>Grant | Special<br>Olympics -<br>2017 | Promise<br>Hancock<br>County<br>Grant | SOS<br>Fund | Harvest<br>Church,<br>MES<br>Donation | Coca<br>Cola<br>Donation<br>Fund | International<br>Program<br>Donation | Rotary &<br>Realtors<br>Donation | MCE<br>PTO<br>I.A.<br>Donation |
|---|---------------------|-------------------------------|---------------------------------------|-------------|---------------------------------------|----------------------------------|--------------------------------------|----------------------------------|--------------------------------|
| Cash and investments - beginning  | \$ 27,743           | \$ 1,141                      | \$ 31,659                             | \$ 6,892    | \$ 475                                | \$ 3,552                         | \$ 1,047                             | \$ 24                            | \$ (95,461)                    |
| Receipts:   |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Local sources   | 3,125               | 250                           | 11,525                                | (6,892)     | (475)                                 | 14,491                           | 58,952                               | (24)                             | -                              |
| Intermediate sources  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| State sources   | -                   | -                             | 20,000                                | -           | -                                     | -                                | -                                    | -                                | -                              |
| Federal sources   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Temporary loans   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Other receipts  | -                   | 2,300                         | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total receipts  | 3,125               | 2,550                         | 31,525                                | (6,892)     | (475)                                 | 14,491                           | 58,952                               | (24)                             | -                              |
| Disbursements:  |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Current:  |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Instruction   | -                   | 2,009                         | -                                     | -           | -                                     | -                                | -                                    | -                                | 74                             |
| Support services  | 30,868              | -                             | 23,279                                | -           | -                                     | 11,298                           | 47,604                               | -                                | -                              |
| Noninstructional services   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Facilities acquisition and construction   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Debt service  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Nonprogrammed charges   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total disbursements   | 30,868              | 2,009                         | 23,279                                | -           | -                                     | 11,298                           | 47,604                               | -                                | 74                             |
| Excess (deficiency) of receipts over<br>disbursements   | (27,743)            | 541                           | 8,246                                 | (6,892)     | (475)                                 | 3,193                            | 11,348                               | (24)                             | (74)                           |
| Other financing sources (uses):   |                     |                               |                                       |             |                                       |                                  |                                      |                                  |                                |
| Proceeds of long-term debt  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Transfers in  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | 95,535                         |
| Transfers out   | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | -                              |
| Total other financing sources (uses)  | -                   | -                             | -                                     | -           | -                                     | -                                | -                                    | -                                | 95,535                         |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | (27,743)            | 541                           | 8,246                                 | (6,892)     | (475)                                 | 3,193                            | 11,348                               | (24)                             | 95,461                         |
| Cash and investments - ending   | \$ -                | \$ 1,682                      | \$ 39,905                             | \$ -        | \$ -                                  | \$ 6,745                         | \$ 12,395                            | \$ -                             | \$ -                           |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Summer<br>School;<br>Elementary<br>PTO | Covance<br>Labs<br>Donation | MVEF<br>Foundation<br>Grants | MVEF<br>Director<br>Fund | Extra-<br>Curricular<br>Activities | PTP<br>Pay to<br>Participate<br>Fund | MVEF<br>Facility<br>Rental | Miscellaneous<br>Programs | Gifted<br>and<br>Talented<br>2016-17 |
|---|--|-----------------------------|------------------------------|--------------------------|------------------------------------|--------------------------------------|----------------------------|---------------------------|--------------------------------------|
| Cash and investments - beginning  | \$ 1,593                               | \$ 1,000                    | \$ (2,320)                   | \$ 144                   | \$ -                               | \$ (2,130)                           | \$ -                       | \$ 23,897                 | \$ 35,488                            |
| Receipts:   |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Local sources   | (1,593)                                | (1,000)                     | -                            | 42,153                   | -                                  | -                                    | 83,028                     | (23,897)                  | -                                    |
| Intermediate sources  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| State sources   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Federal sources   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Temporary loans   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Other receipts  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Total receipts  | (1,593)                                | (1,000)                     | -                            | 42,153                   | -                                  | -                                    | 83,028                     | (23,897)                  | -                                    |
| Disbursements:  |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Current:  |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Instruction   | -                                      | -                           | -                            | -                        | -                                  | -                                    | 17,891                     | -                         | -                                    |
| Support services  | -                                      | -                           | -                            | 42,770                   | -                                  | -                                    | 417                        | -                         | -                                    |
| Noninstructional services   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Facilities acquisition and construction   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Debt service  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Nonprogrammed charges   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Total disbursements   | -                                      | -                           | -                            | 42,770                   | -                                  | -                                    | 18,308                     | -                         | -                                    |
| Excess (deficiency) of receipts over<br>disbursements   | (1,593)                                | (1,000)                     | -                            | (617)                    | -                                  | -                                    | 64,720                     | (23,897)                  | -                                    |
| Other financing sources (uses):   |  |                             |                              |                          |                                    |                                      |                            |                           |                                      |
| Proceeds of long-term debt  | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Transfers in  | -                                      | -                           | -                            | -                        | -                                  | 2,131                                | -                          | -                         | -                                    |
| Transfers out   | -                                      | -                           | -                            | -                        | -                                  | -                                    | -                          | -                         | -                                    |
| Total other financing sources (uses)  | -                                      | -                           | -                            | -                        | -                                  | 2,131                                | -                          | -                         | -                                    |
| Excess (deficiency) of receipts and other<br>financing sources over disbursements<br>and other financing uses | (1,593)                                | (1,000)                     | -                            | (617)                    | -                                  | 2,131                                | 64,720                     | (23,897)                  | -                                    |
| Cash and investments - ending   | \$ -                                   | \$ -                        | \$ (2,320)                   | \$ (473)                 | \$ -                               | \$ 1                                 | \$ 64,720                  | \$ -                      | \$ 35,488                            |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Gifted<br>and<br>Talented<br>2010-11 | Gifted<br>and<br>Talented<br>2011-12 | Gifted<br>and<br>Talented<br>2012-13 | Gifted<br>and<br>Talented<br>2013-14 | Gifted<br>and<br>Talented<br>2014-15 | Gifted<br>and<br>Talented<br>2017-18 | Secured<br>Schools<br>Safety<br>Grant | Non-English<br>Speaking<br>Programs |
|---|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------|
| Cash and investments - beginning  | \$ (31)                              | \$ (12,136)                          | \$ (9,595)                           | \$ (1,212)                           | \$ (57,527)                          | \$ -                                 | \$ (60,742)                           | \$ 6,548                            |
| Receipts:   |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Local sources   | -                                    | 990                                  | 85                                   | -                                    | 915                                  | -                                    | (179)                                 | -                                   |
| Intermediate sources  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| State sources   | -                                    | -                                    | 5,592                                | -                                    | -                                    | 35,692                               | -                                     | 4,500                               |
| Federal sources   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Temporary loans   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Other receipts  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total receipts  | -                                    | 990                                  | 5,677                                | -                                    | 915                                  | 35,692                               | (179)                                 | 4,500                               |
| Disbursements:  |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Current:  |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Instruction   | -                                    | 990                                  | 700                                  | 300                                  | 915                                  | 12,277                               | -                                     | 795                                 |
| Support services  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | 48,145                                | -                                   |
| Noninstructional services   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Facilities acquisition and construction   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Debt service  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Nonprogrammed charges   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total disbursements   | -                                    | 990                                  | 700                                  | 300                                  | 915                                  | 12,277                               | 48,145                                | 795                                 |
| Excess (deficiency) of receipts over disbursements  | -                                    | -                                    | 4,977                                | (300)                                | -                                    | 23,415                               | (48,324)                              | 3,705                               |
| Other financing sources (uses):   |                                      |                                      |                                      |                                      |                                      |                                      |                                       |                                     |
| Proceeds of long-term debt  | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Transfers in  | 31                                   | 12,136                               | 9,595                                | 1,213                                | 57,527                               | -                                    | 76,575                                | -                                   |
| Transfers out   | -                                    | -                                    | -                                    | -                                    | -                                    | -                                    | -                                     | -                                   |
| Total other financing sources (uses)  | 31                                   | 12,136                               | 9,595                                | 1,213                                | 57,527                               | -                                    | 76,575                                | -                                   |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 31                                   | 12,136                               | 14,572                               | 913                                  | 57,527                               | 23,415                               | 28,251                                | 3,705                               |
| Cash and investments - ending   | \$ -                                 | \$ -                                 | \$ 4,977                             | \$ (299)                             | \$ -                                 | \$ 23,415                            | \$ (32,491)                           | \$ 10,253                           |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2018

|   | LEP-(ESL)<br>Form<br>ECESC | State<br>Connectivity | Technology<br>Grants | Common<br>School<br>Tech<br>Loan | Career and<br>Technical<br>Performance<br>Grant | Performance<br>Based<br>Awards | Technology<br>Planning<br>Grant | Miscellaneous<br>Programs |
|---|----------------------------|-----------------------|----------------------|----------------------------------|---|--------------------------------|---------------------------------|---------------------------|
| Cash and investments - beginning  | \$ 930                     | \$ 30,171             | \$ -                 | \$ (87,706)                      | \$ 6,903  | \$ (742)                       | \$ (83,976)                     | \$ (4,585)                |
| Receipts:   |                            |                       |                      |                                  |   |                                |                                 |                           |
| Local sources   | -                          | (22,402)              | -                    | 870                              | (6,903)   | 742                            | 2,580                           | -                         |
| Intermediate sources  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| State sources   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Federal sources   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Temporary loans   | -                          | -                     | -                    | 286,570                          | -   | -                              | -                               | -                         |
| Other receipts  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total receipts  | -                          | (22,402)              | -                    | 287,440                          | (6,903)   | 742                            | 2,580                           | -                         |
| Disbursements:  |                            |                       |                      |                                  |   |                                |                                 |                           |
| Current:  |                            |                       |                      |                                  |   |                                |                                 |                           |
| Instruction   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Support services  | -                          | -                     | -                    | 357,225                          | -   | -                              | 162,112                         | -                         |
| Noninstructional services   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Facilities acquisition and construction   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Debt service  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Nonprogrammed charges   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total disbursements   | -                          | -                     | -                    | 357,225                          | -   | -                              | 162,112                         | -                         |
| Excess (deficiency) of receipts over disbursements  | -                          | (22,402)              | -                    | (69,785)                         | (6,903)   | 742                            | (159,532)                       | -                         |
| Other financing sources (uses):   |                            |                       |                      |                                  |   |                                |                                 |                           |
| Proceeds of long-term debt  | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Transfers in  | -                          | -                     | -                    | -                                | -   | -                              | 239,804                         | 4,585                     |
| Transfers out   | -                          | -                     | -                    | -                                | -   | -                              | -                               | -                         |
| Total other financing sources (uses)  | -                          | -                     | -                    | -                                | -   | -                              | 239,804                         | 4,585                     |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | -                          | (22,402)              | -                    | (69,785)                         | (6,903)   | 742                            | 80,272                          | 4,585                     |
| Cash and investments - ending   | \$ 930                     | \$ 7,769              | \$ -                 | \$ (157,491)                     | \$ -  | \$ -                           | \$ (3,704)                      | \$ -                      |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Indiana<br>Literacy<br>Early<br>Inter | MV<br>Cooperative<br>Closet | Digital<br>Learning<br>Grant | Title I<br>FY11 | Title I<br>FY12 | Title I<br>FY13 | Title I<br>FY14 | Title I<br>FY15 |
|---|---------------------------------------|-----------------------------|------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Cash and investments - beginning  | \$ -                                  | \$ -                        | \$ -                         | \$ (76)         | \$ (174,973)    | \$ 142,548      | \$ (58)         | \$ 26,100       |
| Receipts:   |                                       |                             |                              |                 |                 |                 |                 |                 |
| Local sources   | 18,415                                | 250                         | 15,274                       | -               | -               | -               | -               | 19,290          |
| Intermediate sources  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| State sources   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Federal sources   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Temporary loans   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Other receipts  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Total receipts  | 18,415                                | 250                         | 15,274                       | -               | -               | -               | -               | 19,290          |
| Disbursements:  |                                       |                             |                              |                 |                 |                 |                 |                 |
| Current:  |                                       |                             |                              |                 |                 |                 |                 |                 |
| Instruction   | -                                     | -                           | -                            | -               | -               | -               | -               | 99,418          |
| Support services  | -                                     | -                           | 6,698                        | -               | -               | -               | -               | -               |
| Noninstructional services   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Facilities acquisition and construction   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Debt service  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Nonprogrammed charges   | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Total disbursements   | -                                     | -                           | 6,698                        | -               | -               | -               | -               | 99,418          |
| Excess (deficiency) of receipts over disbursements  | 18,415                                | 250                         | 8,576                        | -               | -               | -               | -               | (80,128)        |
| Other financing sources (uses):   |                                       |                             |                              |                 |                 |                 |                 |                 |
| Proceeds of long-term debt  | -                                     | -                           | -                            | -               | -               | -               | -               | -               |
| Transfers in  | -                                     | -                           | -                            | 76              | 174,973         | -               | 58              | -               |
| Transfers out   | -                                     | -                           | -                            | -               | -               | (142,548)       | -               | -               |
| Total other financing sources (uses)  | -                                     | -                           | -                            | 76              | 174,973         | (142,548)       | 58              | -               |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 18,415                                | 250                         | 8,576                        | 76              | 174,973         | (142,548)       | 58              | (80,128)        |
| Cash and investments - ending   | \$ 18,415                             | \$ 250                      | \$ 8,576                     | \$ -            | \$ -            | \$ -            | \$ -            | \$ (54,028)     |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Title I<br>FY17 | Title I<br>FY18 | (IDEA, Part B)<br>LEA Capacity<br>Building<br>(Sliver)<br>Grants | IDEA<br>Part B<br>611 | IDEA<br>Part B<br>619<br>FY 2017 | IDEA<br>Part B<br>619<br>FY 2018 | Title II -<br>Part A;<br>FY11<br>(2011-12) | Title II -<br>Part A;<br>FY12<br>(2012-13) |
|---|-----------------|-----------------|--|-----------------------|----------------------------------|----------------------------------|--|--|
| Cash and investments - beginning  | \$ (222,258)    | \$ -            | \$ (13,831)  | \$ -                  | \$ (32,045)                      | \$ -                             | \$ 1,134                                   | \$ (3,110)                                 |
| Receipts:   |                 |                 |  |                       |                                  |                                  |  |  |
| Local sources   | 232,571         | -               | (1,232)  | 750                   | (8)                              | -                                | (1,134)                                    | -  |
| Intermediate sources  | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| State sources   | -               | -               | -  | -                     | 22,241                           | -                                | -  | -  |
| Federal sources   | -               | 175,643         | 359,957  | -                     | -                                | -                                | -  | -  |
| Temporary loans   | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Other receipts  | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Total receipts  | 232,571         | 175,643         | 358,725  | 750                   | 22,233                           | -                                | (1,134)                                    | -  |
| Disbursements:  |                 |                 |  |                       |                                  |                                  |  |  |
| Current:  |                 |                 |  |                       |                                  |                                  |  |  |
| Instruction   | 107,894         | -               | 501,766  | 206,935               | 6,582                            | 28,968                           | 2,045                                      | -  |
| Support services  | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Noninstructional services   | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Facilities acquisition and construction   | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Debt service  | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Nonprogrammed charges   | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Total disbursements   | 107,894         | -               | 501,766  | 206,935               | 6,582                            | 28,968                           | 2,045                                      | -  |
| Excess (deficiency) of receipts over disbursements  | 124,677         | 175,643         | (143,041)  | (206,185)             | 15,651                           | (28,968)                         | (3,179)                                    | -  |
| Other financing sources (uses):   |                 |                 |  |                       |                                  |                                  |  |  |
| Proceeds of long-term debt  | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Transfers in  | 28,880          | -               | 127,780  | -                     | 32,176                           | -                                | -  | 3,110                                      |
| Transfers out   | -               | -               | -  | -                     | -                                | -                                | -  | -  |
| Total other financing sources (uses)  | 28,880          | -               | 127,780  | -                     | 32,176                           | -                                | -  | 3,110                                      |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 153,557         | 175,643         | (15,261)   | (206,185)             | 47,827                           | (28,968)                         | (3,179)                                    | 3,110                                      |
| Cash and investments - ending   | \$ (68,701)     | \$ 175,643      | \$ (29,092)  | \$ (206,185)          | \$ 15,782                        | \$ (28,968)                      | \$ (2,045)                                 | \$ -                                       |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

|   | Title II -<br>Part A;<br>FY13<br>(2013-14) | Title II -<br>Part A;<br>FY17<br>(2016-17) | Title II -<br>Part A;<br>FY18<br>(2017-18) | Title II -<br>Part D | Fiscal<br>Stabilization -<br>Education | Payroll<br>Withholdings | Totals       |
|---|--|--|--|----------------------|--|-------------------------|--------------|
| Cash and investments - beginning  | \$ (44,092)                                | \$ (37,500)                                | \$ -                                       | \$ 5,809             | \$ 12,845                              | \$ (670,732)            | \$ 7,446,404 |
| Receipts:   |  |  |  |                      |  |                         |              |
| Local sources   | -  | -  | -  | (5,809)              | (12,845)                               | -                       | 27,788,178   |
| Intermediate sources  | -  | -  | -  | -                    | -                                      | -                       | 263          |
| State sources   | -  | -  | -  | -                    | -                                      | -                       | 25,105,982   |
| Federal sources   | -  | 50,450                                     | -  | -                    | -                                      | -                       | 1,113,199    |
| Temporary loans   | -  | -  | -  | -                    | -                                      | -                       | 286,570      |
| Other receipts  | -  | -  | -  | -                    | -                                      | 1,336,393               | 1,745,690    |
| Total receipts  | -  | 50,450                                     | -  | (5,809)              | (12,845)                               | 1,336,393               | 56,039,882   |
| Disbursements:  |  |  |  |                      |  |                         |              |
| Current:  |  |  |  |                      |  |                         |              |
| Instruction   | -  | -  | 37,500                                     | -                    | -                                      | -                       | 21,309,587   |
| Support services  | -  | -  | -  | -                    | -                                      | -                       | 14,197,149   |
| Noninstructional services   | -  | -  | -  | -                    | -                                      | -                       | 2,286,912    |
| Facilities acquisition and construction   | -  | -  | -  | -                    | -                                      | -                       | 3,938,304    |
| Debt service  | -  | -  | -  | -                    | -                                      | -                       | 10,665,228   |
| Nonprogrammed charges   | -  | -  | -  | -                    | -                                      | 556,269                 | 5,571,615    |
| Total disbursements   | -  | -  | 37,500                                     | -                    | -                                      | 556,269                 | 57,968,795   |
| Excess (deficiency) of receipts over disbursements  | -  | 50,450                                     | (37,500)                                   | (5,809)              | (12,845)                               | 780,124                 | (1,928,913)  |
| Other financing sources (uses):   |  |  |  |                      |  |                         |              |
| Proceeds of long-term debt  | -  | -  | -  | -                    | -                                      | -                       | (3,219)      |
| Transfers in  | 44,092                                     | -  | -  | -                    | -                                      | -                       | 1,530,316    |
| Transfers out   | -  | -  | -  | -                    | -                                      | -                       | (1,566,875)  |
| Total other financing sources (uses)  | 44,092                                     | -  | -  | -                    | -                                      | -                       | (39,778)     |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 44,092                                     | 50,450                                     | (37,500)                                   | (5,809)              | (12,845)                               | 780,124                 | (1,968,691)  |
| Cash and investments - ending   | \$ -                                       | \$ 12,950                                  | \$ (37,500)                                | \$ -                 | \$ -                                   | \$ 109,392              | \$ 5,477,713 |

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2018

| Lessor  | Purpose                     | Annual<br>Lease<br>Payment | Lease<br>Beginning<br>Date | Lease<br>Ending<br>Date |
|---|-----------------------------|----------------------------|----------------------------|-------------------------|
| Governmental activities:                                      |                             |                            |                            |                         |
| Mt Vernon of Hancock County Multi-School Building Corporation | 2017 Ad Val FM Bonds        | \$ 862,500                 | 10/11/2017                 | 12/31/2033              |
| Mt Vernon of Hancock County Multi-School Building Corporation | 2016A Refunding             | 1,266,000                  | 6/30/2016                  | 12/31/2023              |
| Mt Vernon of Hancock County Multi-School Building Corporation | Series 2012A                | 1,308,000                  | 1/15/2013                  | 7/15/2025               |
| Mt Vernon of Hancock County Multi-School Building Corporation | 2012B Refunding             | 1,364,637                  | 12/31/2016                 | 1/15/2033               |
| Mt Vernon School Building Corporation of Hancock County       | 2007 and 2012 Restructuring | 1,172,000                  | 1/15/2013                  | 1/15/2037               |
| Mt Vernon School Building Corporation of Hancock County       | Series 2016B Refunding Bond | <u>2,663,500</u>           | 1/15/2017                  | 12/21/2031              |
| Total governmental activities                                 |                             | <u>8,636,637</u>           |                            |                         |
| Total of annual lease payments                                |                             | <u>\$ 8,636,637</u>        |                            |                         |

| Description of Debt           | Ending<br>Principal<br>Balance       | Principal and<br>Interest Due<br>Within One<br>Year |
|-------------------------------|--------------------------------------|---|
| Type                          | Purpose                              |   |
| Governmental activities:      |                                      |   |
| Loan                          |                                      |   |
| Common School Loan            | Bus Loan 2018                        | \$ 458,960  |
| Common School Loan            | Common School Technology Loan A2743  | 233,170   |
| Common School Loan            | Common School Technology Loan A2920  | 337,500   |
| Common School Loan            | Common School Technology Loan A2959  | 202,160   |
| Common School Loan            | Common School Technology Loan AB0017 | 358,299   |
| General obligation bonds      | GO Pension Bonds 2006                | 1,663,512   |
| General obligation bonds      | G.O. Bond 2016                       | <u>1,010,000</u>                                    |
| Total governmental activities |                                      | <u>4,263,601</u>                                    |
| Totals                        |                                      | <u>\$ 4,263,601</u>                                 |
|                               |                                      | <u>\$ 1,353,423</u>                                 |

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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

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

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

We have audited the Mount Vernon Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *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.

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

As described in item 2018-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed and Allowable Costs/Cost Principles that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

***Basis for Qualified Opinion on Special Education Cluster (IDEA)***

As described in items 2018-007 and 2018-008 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Cash Management that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

***Qualified Opinion on Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA)* paragraph, 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 Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

***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, 2018-009, and 2018-010. 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


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

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, and 2018-010, 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.

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

  
Paul D. Joyce, CPA  
State Examiner

May 13, 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.

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MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

| Federal Grantor Agency<br>Cluster Title/Program Title/Project Title | Pass-Through Entity or Direct Grant | Federal<br>CFDA<br>Number | Pass-Through<br>Entity (or Other)<br>Identifying<br>Number | Passed Through<br>to Subrecipient<br>06-30-17 | Total<br>Federal Awards<br>Expended<br>06-30-17 | Passed Through<br>to Subrecipient<br>06-30-18 | Total<br>Federal Awards<br>Expended<br>06-30-18 |
|---|-------------------------------------|---------------------------|--|---|---|---|---|
| <u>Department of Agriculture</u>                                    |                                     |                           |  |   |   |   |   |
| Child Nutrition Cluster   |                                     |                           |  |   |   |   |   |
| School Breakfast Program  | Indiana Department of Education     | 10.553                    |  |   |   |   |   |
| School Breakfast Program  |                                     |                           | FY17   | \$ -  | \$ 71,167                                       | \$ -  | \$ -  |
| School Breakfast Program  |                                     |                           | FY18   | -   | -   | -   | 76,613  |
| Total - School Breakfast Program                                    |                                     |                           |  | -   | 71,167  | -   | 76,613  |
| National School Lunch Program                                       | Indiana Department of Education     | 10.555                    |  |   |   |   |   |
| School Lunch Program  |                                     |                           | FY17   | -   | 449,831   | -   | -   |
| School Lunch Program  |                                     |                           | FY18   | -   | -   | -   | 511,041   |
| Commodities   |                                     |                           | FY17   | -   | 110,482   | -   | -   |
| Commodities   |                                     |                           | FY18   | -   | -   | -   | 112,190   |
| Total - National School Lunch Program                               |                                     |                           |  | -   | 560,313   | -   | 623,231   |
| Total - Child Nutrition Cluster                                     |                                     |                           |  | -   | 631,480   | -   | 699,844   |
| Total - Department of Agriculture                                   |                                     |                           |  | -   | 631,480   | -   | 699,844   |
| <u>Department of Education</u>                                      |                                     |                           |  |   |   |   |   |
| Special Education Cluster (IDEA)                                    |                                     |                           |  |   |   |   |   |
| Special Education Grants to States                                  | Indiana Department of Education     | 84.027                    |  |   |   |   |   |
| Special Ed. Grant Part B 611  |                                     |                           | 14216-137-PN01   | -   | 71,417  | -   | -   |
| Special Ed. Grant Part B 611  |                                     |                           | 14217-137-PN01   | -   | 539,419   | -   | 134,391   |
| Special Ed. Grant Part B 611  |                                     |                           | 14218-137-PN01   | -   | -   | -   | 225,566   |
| Total - Special Education Grants to States                          |                                     |                           |  | -   | 610,836   | -   | 359,957   |
| Special Education Preschool Grants                                  | Indiana Department of Education     | 84.173                    |  |   |   |   |   |
| Special Ed. Grant Part B 619  |                                     |                           | 45717-137-PN01   | -   | -   | -   | 22,241  |
| Total - Special Education Preschool Grants                          |                                     |                           |  | -   | 610,836   | -   | 382,198   |
| Total - Special Education Cluster (IDEA)                            |                                     |                           |  | -   | 610,836   | -   | 382,198   |
| Title I Grants to Local Educational Agencies                        | Indiana Department of Education     | 84.010                    |  |   |   |   |   |
| Title I   |                                     |                           | S010A140014  | -   | 29,010  | -   | -   |
| Title I   |                                     |                           | S010A150014  | -   | 230,498   | -   | -   |
| Title I   |                                     |                           | S010A160014  | -   | -   | -   | 232,890   |
| Title I   |                                     |                           | S010A170014  | -   | -   | -   | 175,643   |
| Total - Title I Grants to Local Educational Agencies                |                                     |                           |  | -   | 259,508   | -   | 408,533   |
| Supporting Effective Instruction State Grants                       | Indiana Department of Education     | 84.367                    |  |   |   |   |   |
| Title II - A  |                                     |                           | S367A150015  | -   | -   | -   | 50,450  |
| Total - Supporting Effective Instruction State Grants               |                                     |                           |  | -   | -   | -   | 50,450  |
| Total - Department of Education                                     |                                     |                           |  | -   | 870,344   | -   | 841,181   |
| Total federal awards expended                                       |                                     |                           |  | \$ -  | \$ 1,501,824                                    | \$ -  | \$ 1,541,025                                    |

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (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 in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

|  |   |
|--|---|
| Type of auditor's report issued:                     | Adverse as to GAAP; Unmodified as to Regulatory Basis |
| Internal control over financial reporting:           |   |
| Material weaknesses identified?                      | Yes   |
| Significant 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>Name of Federal Program or Cluster</u>                                | <u>Opinion Issued</u> |
|--|-----------------------|
| Child Nutrition Cluster  | Qualified             |
| Special Education Cluster (IDEA)   | Qualified             |
| 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: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

*Condition*

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

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

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units (Gateway) financial reporting system, which was the source of the School Corporation's SEFA. One employee prepared the federal award information entered into Gateway without a control in place to prevent, or detect and correct, errors prior to submission.

*Context*

The SEFA contained the following errors:

1. The Special Education Cluster (IDEA) expenditures were overstated by \$131,218.
2. The Title I Grants to Local Educational Agencies expenditures were understated by \$257,009.
3. The Supporting Effective Instruction State Grants expenditures were overstated by \$50,450.
4. The Child Nutrition Cluster expenditures were understated by \$7,650.

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

*Criteria*

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

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

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

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

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. . . ."

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

2 CFR 200.510(b) states:

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

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

*Cause*

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

*Effect*

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

*Recommendation*

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

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

*Views of Responsible Officials*

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

**FINDING 2018-002**

Subject: Financial Transactions and Reporting  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2016-002.

*Condition*

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting over receipts.

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. Receipts were prepared by the Deputy Treasurer. There was no documented oversight, review, or approval process.

*Context*

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

*Criteria*

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

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

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

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

*Cause*

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

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

*Effect*

The failure to establish a system of internal controls could have enabled misstatements or irregularities to remain undetected.

*Recommendation*

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

*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 - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
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): FY17, FY18  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding numbers were 2016-004 and 2016-005.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed and Allowable Costs/Cost Principles.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that all disbursements from the federal grant were allowable per the requirements of the programs.

1. The School Corporation did not provide supporting documentation for 4 of the 40 claims examined. These undocumented expenditures resulted in questioned costs totaling \$6,068.
2. A portion of the Assistant Superintendent of Schools' compensation was paid from the Child Nutrition Cluster program funding during the school year ended June 30, 2017. The School Corporation did not provide any supporting documentation of the Assistant Superintendent of Schools' time or effort spent on the program. This payment of compensation from program funds resulted in questioned costs of \$26,270.

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

*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). . . ."

2 CFR 200.403 states in part:

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

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

7 CFR 210.2 states in part: ". . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

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; . . .
- (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); . . .
- (vii) 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. . . ."

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

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

*Questioned Costs*

Questioned costs of \$32,338 were identified, as described in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

**FINDING 2018-004**

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY17, FY18  
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 finding from the immediately prior audit report. The prior audit finding number was 2016-007.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation had not designed or implemented adequate policies or procedures to ensure that all procurements were made in accordance with the requirements for the federal grant.

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

The School Corporation did not provide audit evidence that price or rate quotations had been requested for three purchases exceeding \$3,500, which fell under the small purchase procedures. Additionally, the School Corporation made food service purchases from vendors that exceeded \$25,000. The School Corporation did not verify that one of the two vendors selected for testing was not suspended or debarred from participation in federal awards.

*Context*

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

The School Corporation had not established and implemented an effective internal control system that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

MOUNT VERNON COMMUNITY 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 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 a system of internal controls to ensure compliance and to comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

**FINDING 2018-005**

Subject: Child Nutrition Cluster - Internal Controls

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): FY17, FY18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, 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 finding from the immediately prior audit report. The prior audit finding number was 2016-003.

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

*Cash Management*

The School Corporation had not designed or implemented adequate policies and procedures whereby the net cash resources of the School Lunch fund were monitored to ensure that they did not exceed three months average expenditures of the School Lunch fund.

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

*Eligibility*

The School Corporation had not established an effective system of controls to ensure that participant eligibility was properly determined. The Food Service Director was responsible for determining eligibility for free and reduced price meals without any oversight or review of the determinations made for the first year of the audit period.

*Program Income*

The School Corporation had not designed or implemented adequate policies and procedures to ensure segregation of duties over the process of receiving, depositing, and posting income from cafeteria sales to the School Lunch fund.

*Reporting*

The School Corporation did not have controls in place to ensure an oversight, review, or approval process was in place for the preparation of the Monthly Sponsor Claims (claims for reimbursement) and the Annual Financial Reports.

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

There was no segregation of duties, such as an oversight, review, or approval process, over the verifications performed or the preparation of the School Food Authority (SFA) Verification Collection Reports filed. The Food Service Director was responsible for all duties related to verification and reporting for the first year of the audit period.

*Special Tests and Provisions - School Food Accounts*

There were no internal controls in place at the School Corporation, such as an oversight, review, or approval process, to ensure that the school food account transactions were posted promptly and accurately to the School Lunch fund.

*Special Tests and Provisions - Paid Lunch Equity*

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the calculation of paid lunch equity was proper. The Food Service Director compiled the data, made the calculation, and then requested School Board approval for price increases without any oversight or review process of the data or calculations made.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The lack of controls over Eligibility was isolated to fiscal year 2016-2017.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

MOUNT VERNON COMMUNITY SCHOOL CORPORATION  
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(Continued)

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

*Cause*

Management had not developed a system of internal controls that segregated key functions and would have ensured compliance with the compliance requirements listed above.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal 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 2018-006**

Subject: Special Education Cluster (IDEA) - Period of Performance, Reporting

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-137-PN01, 14217-137-PN01,  
14218-137-PN01, 45717-137-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Period of Performance, Reporting

Audit Finding: Material Weakness

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements:

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

*Period of Performance*

The School Corporation had not designed or implemented proper procedures to ensure that special education payroll disbursements occurred within the period of performance.

*Reporting*

The School Corporation had not designed or implemented proper procedures to ensure that there was adequate segregation of duties over reporting. Final Expenditure Reports were prepared by the Special Education Director. There was no control in place, such as an oversight, review, or approval process.

*Context*

The lack of 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*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the compliance requirements listed above.

*Effect*

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

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

***FINDING 2018-007***

Subject Special Education Cluster (IDEA) - Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Federal Agency: Department of Education  
Federal Programs: Special Education Grants to States, Special Education Preschool Grants  
CFDA Numbers: 84.027, 84.173  
Federal Award Numbers and Years (or Other Identifying Numbers): 14216-137-PN01, 14217-137-PN01, 14218-137-PN01, 45717-137-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that all disbursements from the grant were allowable per the requirements of the program. The School Corporation did not provide supporting documentation for 2 of the 40 claims examined. These undocumented expenditures resulted in questioned costs of \$76,480.

*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). . . ."

2 CFR 200.403 states in part:

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

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

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

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .

(g) Be adequately documented. . . ."

34 CFR 300.202(a) states:

"*General.* Amounts provided to the LEA under Part B of the Act —

- (1) Must be expended in accordance with the applicable provisions of this part;
- (2) Must be used only to pay the excess costs of providing special education and related services to children with disabilities, consistent with paragraph (b) of this section; and
- (3) Must be used to supplement State, local, and other Federal funds and not to supplant those funds."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Effect*

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

*Questioned Costs*

Questioned costs of \$76,480 were identified, as described in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

*Views of Responsible Officials*

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

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

**FINDING 2018-008**

Subject: Special Education Cluster (IDEA) - Cash Management

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): 14216-137-PN01, 14217-137-PN01,  
14218-137-PN01, 45717-137-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that program expenses were paid prior to requesting reimbursement and that amounts requested for reimbursement were proper. In January 2018, the School Corporation requested reimbursement for \$67,919 of payroll expenditures that had already been included on a previous reimbursement request. The School Corporation's request for reimbursement in May 2018 requested the same payroll expenditure twice in the amount of \$1,373. These errors resulted in questioned costs of \$69,292.

*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). . . ."

2 CFR 200.305(b) states in part:

"For non-Federal entities other than states, payments methods must minimize the time elapsing between the transfer of funds from the United States Treasury or the pass-through entity and the disbursement by the non-Federal entity whether the payment is made by electronic funds transfer, or issuance or redemption of checks, warrants, or payment by other means. . . ."

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

- (3) Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. This method may be used on any Federal award for construction, or if the major portion of the construction project is accomplished through private market financing or Federal loans, and the Federal award constitutes a minor portion of the project. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Cash Management compliance requirement.

*Effect*

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

*Questioned Costs*

Questioned costs of \$69,292 were identified, as described in the *Condition*.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls to ensure compliance with 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 2018-009**

Subject: Special Education Cluster (IDEA) - Level of Effort

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-137-PN01, 14217-137-PN01,  
14218-137-PN01, 45717-137-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-020.

*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 Matching, Level of Effort, Earmarking compliance requirement.

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

The School Corporation had not designed or implemented adequate policies or procedures to ensure that the expenditure amounts reported on the grant application used to calculate the level of effort component were accurate. The School Corporation reported state and local expenditures for fiscal year 2016-2017 that could not be substantiated with supporting documentation.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. The non-compliance was isolated to 2016-2017.

*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). . . ."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

34 CFR 300.203(b) states:

*"Compliance standard.*

- (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.
- (2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:
  - (i) Local funds only;
  - (ii) The combination of State and local funds;
  - (iii) Local funds only on a per capita basis; or
  - (iv) The combination of State and local funds on a per capita basis.

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

- (3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section."

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Effect*

The failure to establish and implement an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish and implement controls to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement. We recommended the School Corporation's management establish policies and procedures for the retention of documentation, which supports the amounts in the calculation of level of effort.

*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) - 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): 14216-137-PN01, 14217-137-PN01,  
14218-137-PN01, 45717-137-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation had not designed or implemented adequate policies or procedures to ensure procurements and contracts were made in compliance with the requirements for the programs.

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

The School Corporation did not provide audit evidence that price or rate quotations were requested for four purchases exceeding \$3,500, which fell under the small purchases procedures. Additionally, the School Corporation made purchases from vendors that exceeded \$25,000. The School Corporation did not verify that the vendors selected were not suspended or debarred from participation in federal awards.

*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). . . ."

2 CFR 200.320 states in part:

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

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

2 CFR 180.300 states:

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

You do this by:

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

*Cause*

Management had not developed a system of internal controls that would have ensured compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

MOUNT VERNON COMMUNITY 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 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 a system of internal controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

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



# MT. VERNON

## COMMUNITY SCHOOL CORPORATION

### SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action:  
Chris Smedley, CFO or Rachel Lanteigne, District Treasurer  
Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

Treasurer collects all data from grant directors and cross references the data with the financial data system (Skyward) reporting.

Treasurer then enters the SEFA data onto Gateway.

CFO cross checks the SEFA data in Gateway reviewing the reporting with the Treasurer prior submission. A signed copy will be reviewed for completeness and retained in the business office

**FINDING 2016-002** – Financial Transactions and Reporting

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A  
Contact Person Responsible for Corrective Action:  
Chris Smedley, CFO or Rachel Lanteigne, District Treasurer  
Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

Effective internal controls processes will be established for segregation of duties, receipting deposits, payroll and all financial reporting. Reviews of each area are performed by the Corporation Treasurer, CFO, or other authorized individuals and signed hard copies are retained with monthly reporting in the business office.

Corporation Treasurer reviews claims and receipts processed by AP and AR and signs off.

Monthly reporting of the AP/AR is then cross checked by CFO and signed off.

Corporation Treasurer completes the monthly bank reconciliation and CFO reviews and signs off. The hard copies are retained in the business office.

An office training was held on cash handling procedures with a signed hard copy of each attendee in the business office.

**FINDING 2016-003 – Child Nutrition Cluster – Internal Controls**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action:  
Chris Smedley, CFO Doris Johnson, Director of Food Service  
Contact Phone Number:  
317-485-3180

**Status of Audit Finding: In Progress**

Internal controls have been established between Director and Assistant Director, with the Director being the approver on claims and free and reduced applications. CFO and Corporation Treasurer review expenses and revenues monthly with Director and Assistant Director. Signed copies are retained in the business office. Director is working on a new corporation charge policy to be approved by the CFO and Superintendent and the Board of Trustees. CFO and Director will determine paid lunch equity to be approved by the School Board. Monthly cash flow review between Director and Corporation Treasurer is held with Assistant Director providing the business office a meals paid report. Report is signed by the Director and Assistant Director and fund transfers are signed and retained by the Corporation Treasurer and CFO.

**FINDING 2016-004 – Child Nutrition Cluster – Activities Allowed or Unallowed**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley, CFO Doris Johnson,  
Director of Food Service.  
Contact Phone Number:  
317-485-3100

**Status of Audit Finding: In Progress**

The Corporation Treasurer and CFO meet with the Food Service Director and Assistant Food Service Director monthly. A review is conducted on expenses for compliance with the grant. Signed copies of the meeting are retained in the business office.

**FINDING 2016-005 – Child Nutrition Cluster – Allowable Costs/Cost Principles**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley, CFO Doris Johnson,  
Director of Food Service  
Contact Phone Number:  
317-485.3100

**Status of Audit Finding: In Progress**

The MVCSC business office meet with the Director of Food Service for a monthly review of expenses for compliance of the grant with the CFO, Corporation Treasurer or other authorized individual. The Director of Food Service will sign off on agreed up reporting. Hard copies will be filed and retained in the business office.

The MVCSC business office will provide a payroll report to the Director of Food Service semiannual pay report listing employees, time and effort. Director of Food Service will

complete a review and sign off. If employees are found to be utilized in other areas of the school corporation the review will be completed bi weekly. Hard copies will be filed and retained in the business office.

**FINDING 2016-006 – Child Nutrition Cluster - Eligibility**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Doris Johnson,  
Director of Food Service

Contact Phone Number:  
317-485.3100

Status of Audit Finding: In Progress

MVCSC business office began to review process and procedure from the prior school years since 2016 implementing effective Internal Control systems including understanding grant agreements for the National School Lunch Child Nutrition Cluster, segregation of duties related to grants and Compliance Requirement: Eligibility

MVCSC business office is working with the Food Service Director to ensure paper copies of Free and Reduced Eligibility are provided to all MVCSC buildings to be disbursed to each student.

CFO will work with MVCSC media specialist to publish public release of informational media on the schools website and local paper and unemployment office agencies.

**FINDING 2017-007 – Child Nutrition Cluster – Procurement and Suspension and Debarment**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Doris Johnson,  
Food Service Director  
Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from the prior school year since 2016 implementing effective Internal Control systems including understanding grant agreements for the National School Lunch Child Nutrition Cluster, segregation of duties related to grants and Compliance Requirement: Procurement, Suspension and Debarment.

MVCSC Business office and Food Service Director are working on utilizing a third party for Procurement and Suspension and Debarment to be in place by the end of 2019.

MVCSC business office: Corporation Treasurer, CFO or authorized individual will conduct a review of purchase requests over \$3,000.00 for procurement policy requirements until a third party is contracted.

MVCSC business office: Corporation Treasurer, CFO or authorized individual will review any Food Service contract over \$25,000 for Suspension and Debarment including adding a clause to the contract for certification release.

**FINDING 2016-008 – Child Nutrition Cluster - Reporting**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Doris Johnson,  
Food Service Director

Contact Phone Number: 317-485-3100

**Status of Audit Finding: In Progress :**

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from the prior school year since 2016 implementing effective Internal Control systems including understanding grant agreements for the National School Lunch Child Nutrition Cluster, segregation of duties related to grants and Compliance Requirement: Reporting  
A review of all Financial Reporting will be conducted by the Corporation Treasurer, CFO or other authorized individual with knowledge and understanding of the grant before it is submitted to ensure data is current and correct.

***FINDING 2016-009*** – Child Nutrition Cluster – Special Tests and Provisions – School Food Accounts

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Chris Smedley CFO, Doris Johnson, Food Service Director

Contact Person Responsible for Corrective Action:

Contact Phone Number:  
317-485-3100

**Status of Audit Finding: In Progress**

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, implementing effective Internal Control systems including understanding grant agreements for the National School Lunch Child Nutrition Cluster, segregation of duties related to grants and Compliance Requirement: Special Tests and Provisions: School Food Accounts.  
Food Service Director will check her café account daily to ensure timely deposits and bank reconciliations. The Corporation Treasurer, CFO or other authorized individual with the knowledge and understanding of the grant will review for accuracy and receipt into the prepay account.  
Food Service Director will meet with the corporation treasurer monthly providing a meals paid report. The sales from that month will be transferred from the prepaid account to the 800 account after review. The Food Service Director will sign off on the transfer, a documented copy will be retained in the business office.

***FINDING 2016-010*** – Title 1 Grants to Local Educational Agencies – Special Tests and Provisions – Schoolwide Programs:

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer  
Contact Phone Number: 317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review processes and procedures since the 2015-16 school year. The business office will be implementing effective Internal Control systems including: understanding grant agreements for Title I, Segregation of duties related to grants, and Compliance Requirements, Special Tests & Provisions to a Schoolwide Program.

Title I Grant Manager or any other authorized individual with knowledge of the grant will be reviewing the grant contract and supporting communications of required documentation pre and upon awards. Title I grant manager will be meeting with the MVCSC business office monthly to review and file all supporting documentation of grant. All documentation will be filed in the MVCSC business office.

**FINDING 2016-011** – Title 1 Grants to Local Educational Agencies – Activities Allowed and Unallowed

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year since 2016, the business office will be implementing effective Internal Control systems including: Allowable Activities.

The MVCSC business office will be meeting with the Title 1 Grant Manager for a monthly review of expenses for compliance with the CFO, Corporation Treasurer or other authorized individual.

The Title 1 Grant Manager will be signing off on agreed up reporting. Documentation will be filed and retained in the business office.

**FINDING 2016-012** – Title 1 Grants to Local Educational Agencies – Allowable Costs/Cost Principles

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year since 2016, the business office will be implementing effective Internal

Control systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Allowable Costs/Cost Principles

The Title I Grant Manager or any authorized individual with knowledge of the grant will be reviewing monthly reporting adjustments or reimbursement requests provided by the MVCSC business office. A monthly meeting will be held to discuss adjustments and cash flow concerns with the Corporation Treasurer, CFO, or authorized individual having knowledge of the grant. Documentation of the review and copies of the PO's will be filed in the MVCSC business office.

Semiannual Certifications will be conducted with the Grant Manager and the Corporation Treasurer, CFO or other authorized individuals with knowledge of the grant. A pay report will be provided by The MVCSC business office. Upon review if employees are found to be utilized in other areas of the corporation a Biweekly review will be conducted for accuracy. Documentation will be filed in the MVCSC business office.

**FINDING 2016-013** – Title I Grants to Local Educational Agencies – Cash Management

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, implementing effective Internal Control systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Cash Management

The Title I Grant Manager or any authorized individual with knowledge of the grant will review monthly reporting adjustments or reimbursement requests already paid, provided by the MVCSC business office. A monthly meeting will be held to discuss adjustments and cash flow concerns with the Corporation Treasurer, CFO, or authorized individual having knowledge of the grant. Documentation of the review and copies of the PO's will be filed in the MVCSC business office

**FINDING 2016-014** – Title 1 Grants to Local Educational Agencies - Procurement

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number: 317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, the business office will be implementing effective Internal Control

systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Procurement  
Title I Grant Manager will be reviewing all Purchase Request and PO's and documents for a required signature. Copies of all PO's and purchase requests will be retained in the MVCSC business office. Past requests are being gathered and will be put in the grant file. Any purchase over \$25,000 will be sent for bid, and an approval obtained from the board, these purchases are not likely for the Title I Grant as most of MVCSC Title I monies spent are salary related.

**FINDING 2016-015 – Title 1 Grants to Local Educational Agencies – Period of Performance**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number:  
317-485-3100

**Status of Audit Finding: In Progress**

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, the business office will be implementing effective Internal Control systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Period of Performance  
Title I Grant Manager will be reviewing all Purchase Request and PO's and documents for a required signature. Copies of all PO's and purchase requests will be retained in the MVCSC business office. Past requests are being gathered and will be put in the grant file.

**FINDING 2016-016 – Title 1 Grants to Local Educational Agencies - Reporting**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne, District Treasurer

Contact Phone Number:  
317-485-3100

**Status of Audit Finding: In Progress**

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, the business office will be implementing effective Internal Control systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Reporting  
The Title I Grant Manager will complete the Annual Report.  
A review of all Financial Reporting will be conducted by the Corporation Treasurer, CFO or other authorized individual with knowledge and understanding of the grant before it is submitted to ensure data is current and correct. Documented signed copies will be retained in the MVCSC business office Grant file.

**FINDING 2016-017** – Title 1 Grants to Local Educational Agencies – Special Tests and Provisions – Assessment System Security

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne,  
District Treasurer  
Contact Phone Number:  
317-485-3100

Status of Audit Finding: In Progress

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from prior school year 2016, the business office will be implementing effective Internal Control systems including understanding grant agreements for Title I Segregation of duties related to grants and Compliance Requirements: Special Tests and Provisions, Assessment of System Security

District Test Coordinator and the Title 1 Director is going to ensure all staff in each building are trained on test security and confidentiality per MVCSC board policy 2623.01. Signed acknowledgement of training will be kept in the Title 1 Grant file located in the business office.

**FINDING 2016-018** – Special Education Cluster (IDEA) – Cash Management, Procurement, Reporting

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Laura Durig  
Special Education Director

Contact Phone Number:  
317-485-3100

Status of Audit Finding: Completed

During the audit period 2016 MVCSC was participating in a Co-Op with HMSES relating to the audit finding. MVCSC no longer participates in the Co-Op.

MVCSC separated from the Co-Op effective July 1, 2017 and since then has and continues to independently administer all special education grants.

**FINDING 2016-019** – Special Education Cluster (IDEA – Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO, Laura Durig Special  
Education Director  
Contact Phone Number:  
317-485-3100

Status of Audit Finding Completed

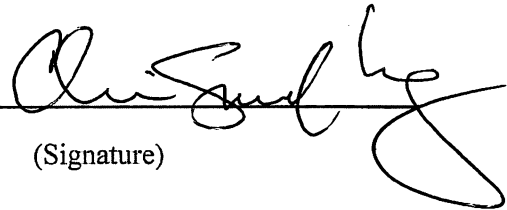
During the audit period 2016 MVCSC was participating in a Co-Op with HMSES relating to the audit finding. MVCSC no longer participates in the Co-Op. MVCSC separated from the Co-Op effective July 1, 2017 and since then has and continues to independently administer all special education grants.

**FINDING 2016-020 – Special Education Cluster (IDEA) – Level of Effort**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:  
Contact Person Responsible for Corrective Action: Chris Smedley CFO , Laura Durig  
Director of Special Education  
Contact Phone Number:317-485-3100

Status of Audit Finding: In Progress

During this time period MVCSC business office began to review process and procedure from prior school year since 2016, implementing effective Internal Control systems including understanding grant agreements for Special Education Cluster (IDEA) Segregation of duties related to grants and Compliance Requirements: Level of Effort  
The Director of Special Education will review and approve any adjustments or reimbursement requests. Monthly reports will be sent to the special Education Director and a review with the Corporation Treasurer, CFO or authorized individual having knowledge of the grant for cash flow review. Documented copies will be retained in the MVCSC business office in the grant file.



(Signature)

CFO

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(Title)

5/13/2019

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(Date)

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



# MT. VERNON

COMMUNITY SCHOOL CORPORATION

*Engage, Educate & Empower Today's Students*

## CORRECTIVE ACTION PLAN

**FINDING 2018-001** (Auditor Assigned Reference Number)

Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer  
Contact Phone Number: 317 -485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-001

Description of Corrective Action Plan: During the 2017-2018 school year the MVCSC business office began to establish effective Internal Control process over federal awards information entered through Indiana Gateway for government units (Gateway), financial reporting system used to compile schools annual financial reports including SEFA. The Corporation treasurer will be preparing the federal awards and financial information entered into Gateway and the CFO, Superintendent or other authorized individual will be reviewing the entered financial information prior to submission and sign off on completeness with a hard copy will be retained in the business office.

Anticipated Completion Date: Implementation of Corrective Action plan is in progress during the 2018 – 2019 school year and ongoing.

Chris Smedley

CFO

5-13-2019

[www.mvcsc.k12.in.us](http://www.mvcsc.k12.in.us)

SCHOOL BOARD: Shannon Walls Beth Smith Kellie Freeman Tony May Michael McCarty

1806 W. State Road 234, Fortville, IN 46040 ♦ Office: (317) 485-3100 ♦ Fax: (317) 485-3113

Twitter.com/MVCSC\_District ♦ Facebook.com/MtVernonSchoolDistrict

**FINDING 2018-002** (Auditor Assigned Reference Number)

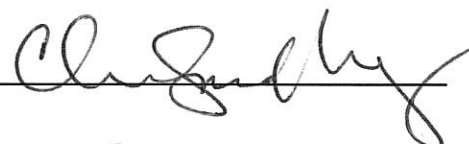
Financial Transactions and Reporting

Contact Person Responsible for Corrective Action: Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer  
Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-002

Description of Corrective Action Plan: During the 2017-2018 and into the 2018-2019 School Year, MVCSC business office began the review of Internal Control processes and procedures. Effective Internal Control processes will be established for segregation of duties, receipting, and deposits. Reviews of each area will be performed by the Corporation Treasurer, CFO, or other authorized individuals and signed hard copies will be retained with monthly reporting in the business office.

Anticipated Completion Date: Implementation of Corrective Action plan is in progress during the 2018 – 2019 school year and ongoing.

  
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**FINDING 2018-003** (Auditor Assigned Reference Number)

Child Nutrition Cluster-Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Contact Person Responsible for Corrective Action: Doris Johnson Food Service Director, Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer  
Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-003

Description of Corrective Action Plan:

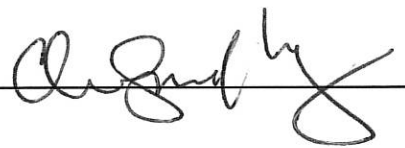
The MVCSC business office will be meeting with the Director of Food service for a monthly review of expenses for compliance of the grant, with the CFO, Corporation Treasurer or other authorized individual, having knowledge of the grant.

The Director of Food Service will sign off on agreed up reporting. Hard copies will be filed and retained in the business office.

The MVCSC business office will be providing a payroll report to the Director of Food Service semiannual pay report listing employees, time and effort. Director of Food Service will complete a review and sign off. If employees are found to be utilized in other areas of the school corporation the review will be completed bi weekly. Hard copies will be filed and retained in the business office.

Segregation of duties between Director of Food Service and assistant will be established with the Director or other authorized individual as approver.

Anticipated Completion Date: : Implementation of the Corrective Action plan is in progress and ongoing

  
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5/13/2019

**FINDING 2018-004** (Auditor Assigned Reference Number)

Child Nutrition Cluster-Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Doris Johnson Food Service Director  
Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-004

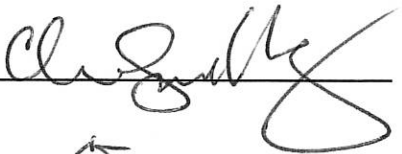
Description of Corrective Action Plan:

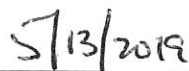
During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review process and procedure from the prior school year 2016 - 2018 and will be implementing effective Internal Control systems, including understanding grant agreements for the National School Lunch Child Nutrition Cluster, related to grants and Compliance Requirement: Procurement, Suspension and Debarment. MVCSC Business office and Food Service Director are working on securing a third party for Procurement and Suspension and Debarment .

MVCSC business office: Corporation Treasurer, CFO or authorized individual will be conducting a review of purchase requests over \$3,000.00 for procurement policy requirements until a third party is contracted.

MVCSC business office: Corporation Treasurer, CFO or authorized individual will be reviewing any Food Service contract over \$25,000 for Suspension and Debarment including adding a clause to the contract for certification release

Anticipated Completion Date: In progress and ongoing

  
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5/13/2019

**FINDING 2018-005** (Auditor Assigned Reference Number)

Child Nutrition Cluster-Internal Controls

Contact Person Responsible for Corrective Action: Doris Johnson Food Service Director  
Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-005

Description of Corrective Action Plan:

During the 2017-2018 School Year MVCSC business office underwent a period of transition. During this time period MVCSC business office began to review to process and procedure from the prior school year 2016 - 2018 and will be implementing effective Internal Control systems including understanding grant agreements for the National School Lunch Child Nutrition Cluster, segregation of duties related to grant agreements,

Compliance requirements: Cash Management, Eligibility, Program Income, Special Tests and Provisions: Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions: Paid Lunch Equity, and Special tests and provisions: school food accounts.

The MVCSC business office will be meeting with the Director of Food service for a monthly cash flow review for compliance.

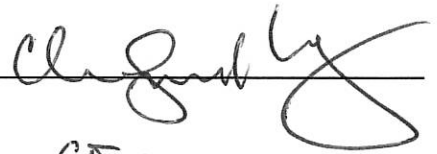
The Director of Food Service will be signing off on agreed up reporting. Hard copies will be filed and retained in the business office.

The Director of Food Service is completing a new corporation charge policy that will be approved by the school board in the 2018-2019 school year.

The CFO and Director of Food service will determine paid lunch equity that will be approved by the school board during the 2018-2019 school year.

Segregation of duties between Director of Food Service and assistant will be established with the Director or other authorized individual as approver, to address cash management, eligibility, verification, program income, and school food account compliance requirements.

Anticipated Completion Date: In progress and ongoing

  
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**FINDING 2018- 006** (Auditor Assigned Reference Number)

Special Education Cluster - Period of Performance, Reporting

Contact Person Responsible for Corrective Action: Laura Durig Special Education Director. Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer  
Contact Phone Number:317-485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-006

Description of Corrective Action Plan: Grant budget spreadsheet will be reviewed at monthly meetings (Business Office, Director of Special Education, Special Education Administrative Assistant)

Dates included in requests for reimbursement will be reviewed so as not not overlap (i.e. July 1 - August 31; September 1 - October 31; November 1 - January 31)

Expenditures will be reviewed and initialed by Director of Special Education and Administrative Assistant

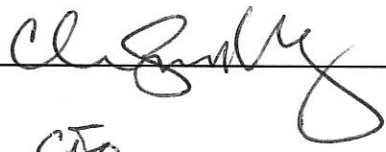
Expenditures will be reviewed at monthly meetings (Business Office, Director of Special Education, Special Education Administrative Assistant)

All personnel whose salaries and benefits are funded through the Part B 611 or 619 will be reviewed monthly to ensure only allowable salaries / benefits (initialed by Director of Special Education and Business Office)

Transition to the next year's Part B 611 and 619 will occur after final review is conducted between Director of Special Education and Business Office

Period of reporting will be reviewed before final submission by CFO Corporation Treasurer and Director. Copies will be retained in the business office.

Anticipated Completion Date: In progress and ongoing

  
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5/13/2019  
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**FINDING 2018-007** (Auditor Assigned Reference Number)

Special Education Cluster- Activities Allowed or Unallowed, Allowed Costs/ Cost Principles

Contact Person Responsible for Corrective Action: Laura Durig Special Education Director, Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer.

Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-007


Description of Corrective Action Plan: The MVCSC business office will be meeting with the Director of Special Education for a monthly review of expenses for compliance of the grant, with the CFO, Corporation Treasurer or other authorized individual, having knowledge of the grant.

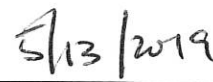
The Director of Special Education will sign off on agreed up reporting. Hard copies will be filed and retained in the business office.

The MVCSC business office will be providing a monthly payroll report to the Director of Special Education listing employees,. Director of Special Education will complete a review and sign off. Hard copies will be filed and retained in the business office.

Segregation of duties between Director of Special Education and administrative assistant will be established with the Director or other authorized individual having knowledge of the grant as approver.

Anticipated Completion Date: In progress and ongoing.

  
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**FINDING 2018-008** (Auditor Assigned Reference Number)

Special Education Cluster-Cash Management


Contact Person Responsible for Corrective Action: Laura Durig  
Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-008

Description of Corrective Action Plan: The MVCSC business office will be meeting with the Director of Special Education for a monthly review of expenses for compliance of the grant, with the CFO, Corporation Treasurer or other authorized individual, having knowledge of the grant.

The Director of Special Education will sign off on agreed up reporting. Hard copies will be filed and retained in the business office. All Reimbursement requests will be entered by the Director and reviewed by The CFO, Corporation Treasurer or other authorized individual having knowledge of the grant.

Anticipated Completion Date: In progress and ongoing.

  
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5/13/2019  
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**FINDING 2018-009** (Auditor Assigned Reference Number)

Special Education Cluster- Level of Effort

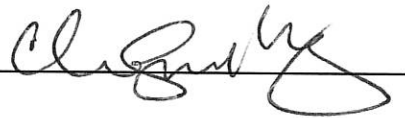
Contact Person Responsible for Corrective Action: Laura Durig Special Education Director, Chris Smedley CFO, Rachel Lanteigne Corporation Treasurer.

Contact Phone Number: 317-485-3180

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-009

Description of Corrective Action Plan: The Director of Special Education will review and approve any adjustments or reimbursement r expense requests. Monthly reports will be sent to the special Education Director and a review with the Corporation Treasurer, CFO or authorized individual having knowledge of the grant for compliance and cash flow review. Documented copies will be retained in the MVCSC business office in the grant file.

Anticipated Completion Date: In progress and ongoing.



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5/13/2019

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**FINDING 2018-010** (Auditor Assigned Reference Number)

Special Education Cluster- Procurement and Suspension and Debarment

Contact Person Responsible for Corrective Action: Laura Durig Special Education Director  
Contact Phone Number: 317-485-3100

Views of Responsible Official: Mt. Vernon Community School Corporation concurs with finding 2018-010

Description of Corrective Action Plan M:VCSC business office: Corporation Treasurer, CFO or authorized individual will be conducting a review of purchase requests over \$3,000.00. Director will be providing rationale for the purchases during monthly grant meetings.

MVCSC business office: Corporation Treasurer, CFO or authorized individual will be reviewing any Service contract over \$25,000 for Suspension and Debarment including adding a clause to the contract for certification release. Director will be providing rationale including reporting from SAMS website.

Anticipated Completion Date: In progress and ongoing.



CFO

5/13/2019

## 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/>.