

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION
MONTGOMERY COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/22/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda Nice	07-01-12 to 12-31-15
Superintendent of Schools	Dr. Colleen Moran	01-01-12 to 12-31-15
President of the School Board	Terresa A. Hatke Gerald Hole Richard VanArsdel	01-01-11 to 12-31-12 01-01-13 to 12-31-14 01-01-15 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the North Montgomery Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

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 of 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 of 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, 2012 to June 30, 2014.

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 20, 2015, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 20, 2015



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY 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 North Montgomery Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 20, 2015, 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 entity'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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free 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*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 20, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 2,761,549	\$ 11,796,147	\$ 11,460,826	\$ (296,527)	\$ 2,800,343	\$ 11,860,971	\$ 11,796,575	\$ 9,058	\$ 2,873,797
Debt Service	1,036,477	1,652,561	1,705,400	-	983,638	1,756,297	1,728,857	-	1,011,078
Retirement/Severance Bond Debt Service	152,083	305,846	299,281	-	158,648	284,004	276,055	-	166,597
Capital Projects	450,028	2,219,334	2,089,178	1,217	581,401	2,256,139	2,359,168	5,212	483,584
School Transportation	423,773	2,458,638	1,959,287	(559,531)	363,593	2,613,094	1,907,668	(579,424)	489,595
School Bus Replacement	2,744	269,720	324,742	60,000	7,722	270,523	267,000	(6,200)	5,045
Rainy Day	2,012,584	31,839	687,663	500,000	1,856,760	-	1,104,352	650,000	1,402,408
Retirement/Severance Bond	3,994,157	-	-	-	3,994,157	-	335,437	-	3,658,720
School Lunch	339,779	907,968	981,382	16,755	283,120	977,846	932,501	15,734	344,199
Textbook Rental	82,534	183,852	135,163	-	131,223	187,565	146,244	-	172,544
Self-Insurance	2,436	1,070,989	842,808	300,000	530,617	1,214,215	1,256,057	-	488,775
Alternative Education	-	-	-	-	-	2,443	12,563	-	(10,120)
Nolte Trust Fund	45	-	45	-	-	-	-	-	-
Monsanto Grant 2013-14	-	-	-	-	-	10,000	10,000	-	-
Extra-Curricular Activities	7,219	6,444	10,629	-	3,034	5,768	3,951	-	4,851
Charger Café 2014-15	-	-	-	-	-	1,000	-	-	1,000
Stem Summer Camp Grant	-	-	-	-	-	3,636	-	-	3,636
Jr. Achievement Financial Park 2012-13	1,000	1,000	1,000	-	1,000	-	1,000	-	-
Mont Co Civil War Day 8th Grade	-	2,130	-	-	2,130	-	2,130	-	-
Scholastic Math Magazine 2012-13	1,000	-	1,000	-	-	-	-	-	-
Ipods in the 1st Grade Classroom	-	1,010	-	-	1,010	-	1,010	-	-
Leaping Into Learning Pad 2012-13	1,500	-	1,500	-	-	-	-	-	-
Biomedical Science at NMHS	-	1,000	-	-	1,000	-	1,000	-	-
Schenck Health & Welfare	-	16,000	8,000	-	8,000	-	8,000	-	-
Schenck Health & Welfare 2014-15	-	-	-	-	-	8,000	-	-	8,000
SIA Foundation Music Grant	-	3,000	3,000	-	-	-	-	-	-
Rebate Fund/ASBO	44,775	42,361	29,962	-	57,174	17,555	51,763	-	22,966
Scholarships and Awards	3,000	9,600	3,400	-	9,200	9,500	15,200	-	3,500
Miscellaneous Programs	-	-	8,500	8,500	-	-	8,500	8,500	-
Ahead Grant 2012-13	-	1,000	1,000	-	-	-	-	-	-
High Ability 2012-13	-	34,519	30,869	-	3,650	-	3,650	-	-
High Ability 2013-14	-	-	-	-	-	32,594	32,594	-	-
Secured School Safety 2013-15	-	-	-	-	-	25,000	47,131	-	(22,131)
School Technology	8,683	22,528	23,493	200	7,918	19,590	27,508	-	-
Performance Based Awards	-	-	-	-	-	168,978	168,978	-	-
Senator David Ford Technology	(20,864)	73,438	79,774	-	(27,200)	27,200	-	-	-
Title I - FY 2011-12	(24,758)	60,297	35,539	-	-	-	-	-	-
Title I - FY 2012-13	-	154,930	178,166	-	(23,236)	52,084	28,848	-	-
Title I - FY 2013-14	-	-	-	-	-	158,988	186,990	-	(28,002)
Local Reading Improvement	800	-	800	-	-	-	-	-	-
IDEA Part B, CO-OP 2011-12	(1,184)	1,184	-	-	-	-	-	-	-
IDEA Part B, CO-OP 2012-13	-	457,648	463,074	-	(5,426)	5,426	-	-	-
IDEA Part B, CO-OP 2013-14	-	-	-	-	-	411,177	445,053	-	(33,876)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	11,431	19,466	-	(8,035)	48,387	40,352	-	-
Technical Assitance FY2014	-	-	-	-	-	8,544	10,544	-	(2,000)
IDEA Preschool CO-OP 2012-13	-	14,622	14,622	-	-	-	-	-	-
IDEA Preschool CO-OP 2013-14	-	-	-	-	-	13,913	13,913	-	-
Title II - Part A 2011-13	-	-	-	-	-	56,433	56,433	-	-
Education Jobs	-	7,887	7,887	-	-	-	-	-	-
Payroll Fund	60,592	3,029,554	3,052,109	-	38,037	3,493,297	3,491,320	-	40,014
Totals	\$ 11,339,952	\$ 24,848,477	\$ 24,459,565	\$ 30,614	\$ 11,759,478	\$ 26,000,167	\$ 26,778,345	\$ 102,880	\$ 11,084,180

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

NORTH MONTGOMERY 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, 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 which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include 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 which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

Transfers in which includes money 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.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. These are the result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and/or 2014.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with North Montgomery High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2013 and 2014, totaled \$1,705,000 and \$1,714,000, respectively.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Other Postemployment Benefits

The School Corporation provides postemployment early retirement benefits to eligible employees covered under the 1997-1998 Early Retirement Benefits Plan (prior plan for teachers hired before January 1, 1999). To qualify for early retirement benefits, a teacher retiring under this plan will receive \$5,000 per year until they are eligible for unrestricted social security benefits. During the years ending June 30, 2013, and June 30, 2014, there were 13 and 16 employees, respectively, participating in the program. During the years ending June 30, 2013, and June 30, 2014, disbursements of \$96,500 and \$80,000, respectively, were recognized for postemployment benefits.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are 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.

NORTH MONTGOMERY 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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,761,549	\$ 1,036,477	\$ 152,083	\$ 450,028	\$ 423,773	\$ 2,744	\$ 2,012,584	\$ 3,994,157	\$ 339,779
Receipts:									
Local sources	44,264	1,652,561	305,846	2,219,334	2,458,638	269,720	31,839	-	483,991
Intermediate sources	454	-	-	-	-	-	-	-	-
State sources	11,751,429	-	-	-	-	-	-	-	13,821
Federal sources	-	-	-	-	-	-	-	-	410,156
Other	-	-	-	-	-	-	-	-	-
Total receipts	11,796,147	1,652,561	305,846	2,219,334	2,458,638	269,720	31,839	-	907,968
Disbursements:									
Current:									
Instruction	7,630,130	-	-	-	-	-	-	-	-
Support services	3,448,785	-	-	1,252,082	1,959,287	324,742	-	-	755
Noninstructional services	355,770	-	-	-	-	-	-	-	980,627
Facilities acquisition and construction	26,141	-	-	837,096	-	-	687,663	-	-
Debt services	-	1,705,400	299,281	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,460,826	1,705,400	299,281	2,089,178	1,959,287	324,742	687,663	-	981,382
Excess (deficiency) of receipts over disbursements	335,321	(52,839)	6,565	130,156	499,351	(55,022)	(655,824)	-	(73,414)
Other financing sources (uses):									
Sale of capital assets	3,473	-	-	1,217	469	-	-	-	16,755
Transfers in	7,200,000	-	-	-	20,000	80,000	500,000	-	-
Transfers out	(7,500,000)	-	-	-	(580,000)	(20,000)	-	-	-
Total other financing sources (uses)	(296,527)	-	-	1,217	(559,531)	60,000	500,000	-	16,755
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	38,794	(52,839)	6,565	131,373	(60,180)	4,978	(155,824)	-	(56,659)
Cash and investments - ending	\$ 2,800,343	\$ 983,638	\$ 158,648	\$ 581,401	\$ 363,593	\$ 7,722	\$ 1,856,760	\$ 3,994,157	\$ 283,120

NORTH MONTGOMERY 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, 2013
 (Continued)

	Textbook Rental	Self- Insurance	Alternative Education	Nolte Trust Fund	Monsanto Grant 2013-14	Extra- Curricular Activities	Charger Café 2014-15	Stem Summer Camp Grant	Jr. Achievement Financial Park 2012-13
Cash and investments - beginning	\$ 82,534	\$ 2,436	\$ -	\$ 45	\$ -	\$ 7,219	\$ -	\$ -	\$ 1,000
Receipts:									
Local sources	127,646	1,070,989	-	-	-	6,444	-	-	1,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	56,206	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	183,852	1,070,989	-	-	-	6,444	-	-	1,000
Disbursements:									
Current:									
Instruction	-	-	-	-	-	10,629	-	-	1,000
Support services	135,163	-	-	45	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	842,808	-	-	-	-	-	-	-
Total disbursements	135,163	842,808	-	45	-	10,629	-	-	1,000
Excess (deficiency) of receipts over disbursements	48,689	228,181	-	(45)	-	(4,185)	-	-	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	300,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	300,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	48,689	528,181	-	(45)	-	(4,185)	-	-	-
Cash and investments - ending	\$ 131,223	\$ 530,617	\$ -	\$ -	\$ -	\$ 3,034	\$ -	\$ -	\$ 1,000

NORTH MONTGOMERY 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, 2013
 (Continued)

	Mont Co Civil War Day 8th Grade	Scholastic Math Magazine 2012-13	Ipods in the 1st Grade Classroom	Leaping Into Learning Pad 2012-13	Biomedical Science at NMHS	Schenck Health & Welfare	Schenck Health & Welfare 2014-15	SIA Foundation Music Grant	Rebate Fund/ ASBO
Cash and investments - beginning	\$ -	\$ 1,000	\$ -	\$ 1,500	\$ -	\$ -	\$ -	\$ -	\$ 44,775
Receipts:									
Local sources	2,130	-	1,010	-	1,000	16,000	-	3,000	40,759
Intermediate sources	-	-	-	-	-	-	-	-	1,602
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,130</u>	<u>-</u>	<u>1,010</u>	<u>-</u>	<u>1,000</u>	<u>16,000</u>	<u>-</u>	<u>3,000</u>	<u>42,361</u>
Disbursements:									
Current:									
Instruction	-	1,000	-	1,500	-	-	-	3,000	5,700
Support services	-	-	-	-	-	8,000	-	-	24,262
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>1,000</u>	<u>-</u>	<u>1,500</u>	<u>-</u>	<u>8,000</u>	<u>-</u>	<u>3,000</u>	<u>29,962</u>
Excess (deficiency) of receipts over disbursements	<u>2,130</u>	<u>(1,000)</u>	<u>1,010</u>	<u>(1,500)</u>	<u>1,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>12,399</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,130</u>	<u>(1,000)</u>	<u>1,010</u>	<u>(1,500)</u>	<u>1,000</u>	<u>8,000</u>	<u>-</u>	<u>-</u>	<u>12,399</u>
Cash and investments - ending	<u>\$ 2,130</u>	<u>\$ -</u>	<u>\$ 1,010</u>	<u>\$ -</u>	<u>\$ 1,000</u>	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 57,174</u>

NORTH MONTGOMERY 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, 2013
 (Continued)

	Scholarships and Awards	Miscellaneous Programs	Ahead Grant 2012-13	High Ability 2012-13	High Ability 2013-14	Secured School Safety 2013-15	School Technology	Performance Based Awards
Cash and investments - beginning	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,683	\$ -
Receipts:								
Local sources	9,600	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	1,000	34,519	-	-	22,528	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	9,600	-	1,000	34,519	-	-	22,528	-
Disbursements:								
Current:								
Instruction	-	-	1,000	30,869	-	-	-	-
Support services	-	8,000	-	-	-	-	23,493	-
Noninstructional services	-	500	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,400	-	-	-	-	-	-	-
Total disbursements	3,400	8,500	1,000	30,869	-	-	23,493	-
Excess (deficiency) of receipts over disbursements	6,200	(8,500)	-	3,650	-	-	(965)	-
Other financing sources (uses):								
Sale of capital assets	-	8,500	-	-	-	-	200	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	8,500	-	-	-	-	200	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,200	-	-	3,650	-	-	(765)	-
Cash and investments - ending	\$ 9,200	\$ -	\$ -	\$ 3,650	\$ -	\$ -	\$ 7,918	\$ -

NORTH MONTGOMERY 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, 2013
 (Continued)

	Senator David Ford Technology	Title I FY 2011-12	Title I FY 2012-13	Title I FY 2013-14	Local Reading Improvement	IDEA Part B, CO-OP 2011-12	IDEA Part B, CO-OP 2012-13	IDEA Part B, CO-OP 2013-14
Cash and investments - beginning	\$ (20,864)	\$ (24,758)	\$ -	\$ -	\$ 800	\$ (1,184)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	73,438	-	-	-	-	-	-	-
Federal sources	-	60,297	154,930	-	-	1,184	457,648	-
Other	-	-	-	-	-	-	-	-
Total receipts	73,438	60,297	154,930	-	-	1,184	457,648	-
Disbursements:								
Current:								
Instruction	-	29,885	145,519	-	-	-	463,074	-
Support services	79,774	5,654	32,647	-	800	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	79,774	35,539	178,166	-	800	-	463,074	-
Excess (deficiency) of receipts over disbursements	(6,336)	24,758	(23,236)	-	(800)	1,184	(5,426)	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,336)	24,758	(23,236)	-	(800)	1,184	(5,426)	-
Cash and investments - ending	\$ (27,200)	\$ -	\$ (23,236)	\$ -	\$ -	\$ -	\$ (5,426)	\$ -

NORTH MONTGOMERY 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, 2013
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Technical Assistance FY2014	IDEA Preschool CO-OP 2012-13	IDEA Preschool CO-OP 2013-14	Title II - Part A 2011-13	Education Jobs	Payroll Fund	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 60,592	\$ 11,339,952
Receipts:								
Local sources	-	-	-	-	-	-	-	8,745,771
Intermediate sources	-	-	-	-	-	-	-	2,056
State sources	-	-	-	-	-	-	-	11,952,941
Federal sources	11,431	-	14,622	-	-	7,887	-	1,118,155
Other	-	-	-	-	-	-	3,029,554	3,029,554
Total receipts	11,431	-	14,622	-	-	7,887	3,029,554	24,848,477
Disbursements:								
Current:								
Instruction	-	-	14,622	-	-	7,887	-	8,345,815
Support services	11,430	-	-	-	-	-	-	7,314,919
Noninstructional services	-	-	-	-	-	-	-	1,336,897
Facilities acquisition and construction	8,036	-	-	-	-	-	-	1,558,936
Debt services	-	-	-	-	-	-	-	2,004,681
Nonprogrammed charges	-	-	-	-	-	-	3,052,109	3,898,317
Total disbursements	19,466	-	14,622	-	-	7,887	3,052,109	24,459,565
Excess (deficiency) of receipts over disbursements	(8,035)	-	-	-	-	-	(22,555)	388,912
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	30,614
Transfers in	-	-	-	-	-	-	-	8,100,000
Transfers out	-	-	-	-	-	-	-	(8,100,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	30,614
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,035)	-	-	-	-	-	(22,555)	419,526
Cash and investments - ending	\$ (8,035)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,037	\$ 11,759,478

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 2,800,343	\$ 983,638	\$ 158,648	\$ 581,401	\$ 363,593	\$ 7,722	\$ 1,856,760	\$ 3,994,157	\$ 283,120
Receipts:									
Local sources	38,688	1,756,297	284,004	2,256,139	2,610,126	270,523	-	-	470,805
Intermediate sources	26	-	-	-	-	-	-	-	-
State sources	11,822,257	-	-	-	-	-	-	-	13,754
Federal sources	-	-	-	-	-	-	-	-	493,287
Other	-	-	-	-	2,968	-	-	-	-
Total receipts	11,860,971	1,756,297	284,004	2,256,139	2,613,094	270,523	-	-	977,846
Disbursements:									
Current:									
Instruction	7,794,931	-	-	-	-	-	-	287,738	-
Support services	3,630,698	4,167	-	1,378,478	1,907,668	267,000	77,784	47,219	2,579
Noninstructional services	370,946	-	-	-	-	-	-	480	929,922
Facilities acquisition and construction	-	-	-	980,690	-	-	1,026,568	-	-
Debt services	-	1,724,690	276,055	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,796,575	1,728,857	276,055	2,359,168	1,907,668	267,000	1,104,352	335,437	932,501
Excess (deficiency) of receipts over disbursements	64,396	27,440	7,949	(103,029)	705,426	3,523	(1,104,352)	(335,437)	45,345
Other financing sources (uses):									
Sale of capital assets	9,058	-	-	5,212	576	63,800	-	-	15,734
Transfers in	6,217,000	-	-	-	80,000	10,000	650,000	-	-
Transfers out	(6,217,000)	-	-	-	(660,000)	(80,000)	-	-	-
Total other financing sources (uses)	9,058	-	-	5,212	(579,424)	(6,200)	650,000	-	15,734
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	73,454	27,440	7,949	(97,817)	126,002	(2,677)	(454,352)	(335,437)	61,079
Cash and investments - ending	\$ 2,873,797	\$ 1,011,078	\$ 166,597	\$ 483,584	\$ 489,595	\$ 5,045	\$ 1,402,408	\$ 3,658,720	\$ 344,199

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

	Textbook Rental	Self- Insurance	Alternative Education	Nolte Trust Fund	Monsanto Grant 2013-14	Extra- Curricular Activities	Charger Café 2014-15	Stem Summer Camp Grant	Jr. Achievement Financial Park 2012-13
Cash and investments - beginning	\$ 131,223	\$ 530,617	\$ -	\$ -	\$ -	\$ 3,034	\$ -	\$ -	\$ 1,000
Receipts:									
Local sources	128,332	1,214,215	-	-	10,000	5,768	1,000	3,636	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	59,233	-	2,443	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>187,565</u>	<u>1,214,215</u>	<u>2,443</u>	<u>-</u>	<u>10,000</u>	<u>5,768</u>	<u>1,000</u>	<u>3,636</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	12,563	-	10,000	3,951	-	-	1,000
Support services	146,244	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,256,057	-	-	-	-	-	-	-
Total disbursements	<u>146,244</u>	<u>1,256,057</u>	<u>12,563</u>	<u>-</u>	<u>10,000</u>	<u>3,951</u>	<u>-</u>	<u>-</u>	<u>1,000</u>
Excess (deficiency) of receipts over disbursements	<u>41,321</u>	<u>(41,842)</u>	<u>(10,120)</u>	<u>-</u>	<u>-</u>	<u>1,817</u>	<u>1,000</u>	<u>3,636</u>	<u>(1,000)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>41,321</u>	<u>(41,842)</u>	<u>(10,120)</u>	<u>-</u>	<u>-</u>	<u>1,817</u>	<u>1,000</u>	<u>3,636</u>	<u>(1,000)</u>
Cash and investments - ending	<u>\$ 172,544</u>	<u>\$ 488,775</u>	<u>\$ (10,120)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,851</u>	<u>\$ 1,000</u>	<u>\$ 3,636</u>	<u>\$ -</u>

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

	Mont Co Civil War Day 8th Grade	Scholastic Math Magazine 2012-13	Ipods in the 1st Grade Classroom	Leaping Into Learning Pad 2012-13	Biomedical Science at NMHS	Schenck Health & Welfare	Schenck Health & Welfare 2014-15	SIA Foundation Music Grant	Rebate Fund/ ASBO
Cash and investments - beginning	\$ 2,130	\$ -	\$ 1,010	\$ -	\$ 1,000	\$ 8,000	\$ -	\$ -	\$ 57,174
Receipts:									
Local sources	-	-	-	-	-	-	8,000	-	17,032
Intermediate sources	-	-	-	-	-	-	-	-	523
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	8,000	-	17,555
Disbursements:									
Current:									
Instruction	2,130	-	-	-	1,000	-	-	-	8,500
Support services	-	-	-	-	-	8,000	-	-	43,263
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,010	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,130	-	1,010	-	1,000	8,000	-	-	51,763
Excess (deficiency) of receipts over disbursements	(2,130)	-	(1,010)	-	(1,000)	(8,000)	8,000	-	(34,208)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,130)	-	(1,010)	-	(1,000)	(8,000)	8,000	-	(34,208)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,000	\$ -	\$ 22,966

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

	Scholarships and Awards	Miscellaneous Programs	Ahead Grant 2012-13	High Ability 2012-13	High Ability 2013-14	Secured School Safety 2013-15	School Technology	Performance Based Awards
Cash and investments - beginning	\$ 9,200	\$ -	\$ -	\$ 3,650	\$ -	\$ -	\$ 7,918	\$ -
Receipts:								
Local sources	9,500	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	32,594	25,000	19,590	168,978
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	9,500	-	-	-	32,594	25,000	19,590	168,978
Disbursements:								
Current:								
Instruction	-	-	-	3,650	32,594	-	-	168,978
Support services	-	8,500	-	-	-	-	27,508	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	47,131	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	15,200	-	-	-	-	-	-	-
Total disbursements	15,200	8,500	-	3,650	32,594	47,131	27,508	168,978
Excess (deficiency) of receipts over disbursements	(5,700)	(8,500)	-	(3,650)	-	(22,131)	(7,918)	-
Other financing sources (uses):								
Sale of capital assets	-	8,500	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	8,500	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,700)	-	-	(3,650)	-	(22,131)	(7,918)	-
Cash and investments - ending	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ (22,131)	\$ -	\$ -

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

	Senator David Ford Technology	Title I FY 2011-12	Title I FY 2012-13	Title I FY 2013-14	Local Reading Improvement	IDEA Part B, CO-OP 2011-12	IDEA Part B, CO-OP 2012-13	IDEA Part B, CO-OP 2013-14
Cash and investments - beginning	\$ (27,200)	\$ -	\$ (23,236)	\$ -	\$ -	\$ -	\$ (5,426)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	27,200	-	-	-	-	-	-	-
Federal sources	-	-	52,084	158,988	-	-	5,426	411,177
Other	-	-	-	-	-	-	-	-
Total receipts	27,200	-	52,084	158,988	-	-	5,426	411,177
Disbursements:								
Current:								
Instruction	-	-	24,320	153,840	-	-	-	445,053
Support services	-	-	4,528	33,150	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	28,848	186,990	-	-	-	445,053
Excess (deficiency) of receipts over disbursements	27,200	-	23,236	(28,002)	-	-	5,426	(33,876)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	27,200	-	23,236	(28,002)	-	-	5,426	(33,876)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (28,002)	\$ -	\$ -	\$ -	\$ (33,876)

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

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Technical Assistance FY2014	IDEA Preschool CO-OP 2012-13	IDEA Preschool CO-OP 2013-14	Title II - Part A 2011-13	Education Jobs	Payroll Fund	Totals
Cash and investments - beginning	\$ (8,035)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 38,037	\$ 11,759,478
Receipts:								
Local sources	-	-	-	-	-	-	-	9,084,065
Intermediate sources	-	-	-	-	-	-	-	549
State sources	-	8,544	-	-	-	-	-	12,179,593
Federal sources	48,387	-	-	13,913	56,433	-	-	1,239,695
Other	-	-	-	-	-	-	3,493,297	3,496,265
Total receipts	<u>48,387</u>	<u>8,544</u>	<u>-</u>	<u>13,913</u>	<u>56,433</u>	<u>-</u>	<u>3,493,297</u>	<u>26,000,167</u>
Disbursements:								
Current:								
Instruction	-	-	-	13,913	56,433	-	-	9,020,594
Support services	6,307	10,544	-	-	-	-	-	7,603,637
Noninstructional services	-	-	-	-	-	-	-	1,301,348
Facilities acquisition and construction	34,045	-	-	-	-	-	-	2,089,444
Debt services	-	-	-	-	-	-	-	2,000,745
Nonprogrammed charges	-	-	-	-	-	-	3,491,320	4,762,577
Total disbursements	<u>40,352</u>	<u>10,544</u>	<u>-</u>	<u>13,913</u>	<u>56,433</u>	<u>-</u>	<u>3,491,320</u>	<u>26,778,345</u>
Excess (deficiency) of receipts over disbursements	<u>8,035</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,977</u>	<u>(778,178)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	102,880
Transfers in	-	-	-	-	-	-	-	6,957,000
Transfers out	-	-	-	-	-	-	-	(6,957,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,880</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,035</u>	<u>(2,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,977</u>	<u>(675,298)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (2,000)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 40,014</u>	<u>\$ 11,084,180</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 605,279</u>	<u>\$ 73,729</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Montgomery High School Building Corporation	High School Renovation	<u>\$ 1,709,000</u>	1/15/2003	1/15/2020

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
General obligation bonds	Pension Bond	\$ 2,230,000
General obligation bonds	QSCB- Energy Savings	<u>1,700,000</u>
Totals		<u>\$ 3,930,000</u>

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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 1,050,000
Infrastructure	6,708
Buildings	32,524,942
Improvements other than buildings	3,065,338
Machinery, equipment, and vehicles	<u>7,124,243</u>
Total capital assets	<u>\$ 43,771,231</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the North Montgomery Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-002. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance

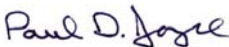
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over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

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

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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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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 2012-2013 FY 2013-2014	\$ 93,957 -	\$ 24,406 <u>90,012</u>
Total for program			<u>93,957</u>	<u>114,418</u>
National School Lunch Program	10.555	FY 2012-2013 FY 2013-2014	387,602 -	78,609 <u>365,021</u>
Total for program			<u>387,602</u>	<u>443,630</u>
Total for agency			<u>481,559</u>	<u>558,048</u>
DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants to Local Educational Agencies	84.010	12-5835 13-5835 14-5835	60,297 154,930 -	- 52,084 <u>158,988</u>
Total for program			<u>215,227</u>	<u>211,072</u>
Pass-Through Indiana Department of Education Special Education Cluster Special Education - Grants to States	84.027	14212-081-PN01 14213-081-PN01 14214-081-PN01 7000H027A110084 99910-081-TA01	1,184 457,648 - 11,430 -	- 5,426 411,177 48,387 <u>8,544</u>
Total for program			<u>470,262</u>	<u>473,534</u>
Special Education - Preschool Grants	84.173	45713-234-PN01 45714-081-PN01	14,622 -	- <u>13,913</u>
Total for program			<u>14,622</u>	<u>13,913</u>
Total for cluster			<u>484,884</u>	<u>487,447</u>
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	11-5835	-	<u>56,433</u>
Pass-Through Indiana Department of Education Education Jobs Fund	84.410	Project Year 2011	7,887	-
Total for federal grantor agency			<u>707,998</u>	<u>754,952</u>
Total federal awards expended			<u>\$ 1,189,557</u>	<u>\$ 1,313,000</u>

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	<u>\$ 71,403</u>	<u>\$ 64,761</u>

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

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Equipment and Real Property Management and Procurement and Suspension and Debarment compliance requirements that have a direct and material effect on the programs. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation did not have effective controls in place to ensure compliance with Equipment and Real Property Management requirements. Controls were not effective to ensure that capital asset purchases and disposals were properly recorded. A form has been designed to report these transactions, but it is not being used consistently. In addition, no controls were designed to ensure that a physical inventory, which would identify recording errors, was taken as required.

The School Corporation has not designed or implemented procedures to ensure compliance with Procurement and Suspension and Debarment requirements. There were no controls to ensure that bidders were not suspended or debarred or that suspension and debarment certifications were included in the bid specs or the contracts. There were also no controls to ensure that bids were presented to the governing body for review or that contracts were properly awarded by the governing body.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect on the programs could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements noted above that have a direct and material effect on the programs.

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

FINDING 2014-002 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program and National School Lunch Program
CFDA Numbers: 10.553 and 10.555
Federal Award Years: FY 2012-2013 and FY 2013-2014
Pass-Through Entity: Indiana Department of Education

The School Corporation purchased three dishwashers (valued at \$20,841 each) and a garbage disposal (valued at \$5,090) during the audit period, but the items were not recorded on the capital asset listing. There were no deletions of cafeteria assets shown on the capital asset listing during the audit period, even though the noted purchases replaced obsolete equipment. There is no evidence that the federal agency was contacted regarding the disposal of the equipment nor was there an estimate of its value at the time of disposal. In addition, a physical inventory of capital assets has not been taken for four years.

7 CFR 3016.32 states in part:

"(d) Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years . . .

(e) Disposition. When original or replacement equipment acquired under a grant or subgrant is no longer needed for the original project or program or for other activities currently or previously supported by a Federal agency, disposition of the equipment will be made as follows:

- (1) Items of equipment with a current per-unit fair market value of less than \$5,000 may be retained, sold or otherwise disposed of with no further obligation to the awarding agency.
- (2) Items of equipment with a current per unit fair market value in excess of \$5,000 may be retained or sold and the awarding agency shall have a right to an amount calculated by multiplying the current market value or proceeds from sale by the awarding agency's share of the equipment.
- (3) In cases where a grantee or subgrantee fails to take appropriate disposition actions, the awarding agency may direct the grantee or subgrantee to take excess and disposition actions."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

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

We recommended that the School Corporation comply with Equipment and Real Property requirements by ensuring that accurate detailed fixed asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital asset ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

North Montgomery Community School Corporation

480 West 580 North
Crawfordsville, IN 47933-7306
Phone: (765) 359-2112 Fax: (765) 359-2111
www.nm.k12.in.us

CORRECTIVE ACTION PLAN

FINDING 2014-001, Internal Controls Over the School Breakfast Program and National School Lunch Program

Contact Person Responsible for Corrective Action: Karyn Elder, Director of Food Services/Glenda Nice, Corporation Treasurer
Contact Phone Number: 765-359-2112

Description of Corrective Action Plan:

During the bid process the Director of Food Services will confirm with www.sam.gov that the vendors are not in suspension or debarred. The Director of Food Services will keep the record of suspension and debarment verification with the agreement contract. The bid findings will be reviewed and recommended by the Director of Food Services and submitted to the Board of School Trustees for review and approval.

Anticipated Completion Date: August 1, 2015

FINDING 2014-002, Equipment and Real Property Management

Contact Person Responsible for Corrective Action: Karyn Elder, Director of Food Services/Glenda Nice, Corporation Treasurer
Contact Phone Number: 765-359-2112

Description of Corrective Action Plan:

Purchases over \$1,000.00, the description of the property, serial number or other identification number, the source of property, who holds the title, the acquisition date, the cost of the acquisition, percentage of federal participation in the cost of the property, the location, use and condition of property, and any ultimate disposition data including the date of disposal and sale of the property will be placed as a capital asset listing. Equipment and real property management will be in place by the physical inventory of property taken every two years by food service personnel and reconciled with the property records of the detailed capital asset listing reported to and maintained by the Administrative Assistant to the Superintendent. The Corporation Treasurer will double check claims as needed for additions of equipment. Disposition of equipment with a market value of less than \$5,000.00 will be retained, sold or otherwise disposed of with no further obligation. Disposition of equipment no longer needed and of value greater than \$5,000.00 will be retained or sold by calculating market value and proceeds placed into the appropriate fund. All disposition of equipment will be handled in accordance with the above inventory procedures.

Anticipated Completion Date: July 1, 2015

Glenda Nice
(Signature)
Treasurer
(Title)
4/20/2015
(Date)

SUPERINTENDENT OF SCHOOLS
Dr. Colleen Moran
cmoran@nm.k12.in.us

DIRECTOR OF BUSINESS & TRANSPORTATION
Jim McBee
jmcbee@nm.k12.in.us

DIRECTOR OF TECHNOLOGY
Craig Reich
reich@nm.k12.in.us

ADMINISTRATIVE ASSISTANT
Jean Mull
jmull@nm.k12.in.us

DIRECTOR OF FOOD SERVICES
Karyn Elder
kelder@nm.k12.in.us

Richard VanArsdel, President
Gary Bohlander

BOARD OF SCHOOL TRUSTEES
Michael Shepherd, Vice President
Teresa Hatke Gerald Hole

Jill Davis, Secretary
Karin Kerber Odle

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.