

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, 2014 to June 30, 2016



FILED
05/16/2018

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
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 <i>Government Auditing Standards</i>	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-33
Schedule of Payables and Receivables	35
Schedule of Leases and Debt	36
Schedule of Capital Assets.....	37
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance	40-41
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	44-45
Notes to Schedule of Expenditures of Federal Awards	46
Schedule of Findings and Questioned Costs	47-52
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	54
Corrective Action Plan	55-56
Other Reports.....	57

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda Nice	07-01-14 to 06-30-18
Superintendent of Schools	Dr. Colleen Moran	07-01-14 to 06-30-18
President of the School Board	Gerald Hole Richard VanArsdel Michael Shepherd Karin Kerber Odle	07-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-17 01-01-18 to 12-31-18



STATE OF INDIANA
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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, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 25, 2018, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 25, 2018



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

TO: THE OFFICIALS OF THE 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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 25, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

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

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

Compliance and Other Matters


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

North Montgomery Community School Corporation's Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

April 25, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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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, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 2,873,818	\$ 11,986,419	\$ 11,580,852	\$ 9,871	\$ 3,289,256	\$ 12,080,076	\$ 12,032,276	\$ 3,298	\$ 3,340,354
Debt Service	1,011,078	1,731,911	1,727,850	-	1,015,139	1,864,379	1,751,675	-	1,127,843
Retirement/Severance Bond Debt Service	166,596	270,751	277,556	-	159,791	283,074	278,278	-	164,587
Capital Projects	483,585	2,299,402	1,895,509	435	887,913	2,358,196	2,544,341	920	702,688
School Transportation	489,595	2,595,716	1,984,527	(694,545)	406,239	2,619,841	1,778,483	(790,784)	456,813
School Bus Replacement	5,046	276,362	316,013	70,000	35,395	307,463	325,000	20,000	37,858
Rainy Day	1,402,407	5,945	753,779	625,000	1,279,573	-	298,368	775,000	1,756,205
Retirement/Severance Bond	3,658,718	-	212,852	-	3,445,866	-	154,379	-	3,291,487
School Lunch	344,196	1,072,036	941,728	15,848	490,352	943,257	997,733	18,098	453,974
Textbook Rental	172,543	209,795	121,857	-	260,481	240,440	156,297	-	344,624
Self-Insurance	488,777	1,140,077	1,153,605	-	475,249	1,222,528	1,103,577	-	594,200
Alternative Education	(10,120)	42,604	38,705	-	(6,221)	38,254	38,768	-	(6,735)
Extra-Curricular Activities	4,849	3,216	5,385	-	2,680	2,002	3,112	-	1,570
Charger Café 2014-15	1,000	36	1,036	-	-	-	-	-	-
STEM Forward	-	1,000	-	-	1,000	-	1,000	-	-
Stem Summer Camp Grant	3,636	-	3,636	-	-	-	-	-	-
Reading Interest Books	-	1,065	-	-	1,065	-	986	-	79
Running the Race to 4th Grade	-	1,000	-	-	1,000	-	1,000	-	-
Schenck Health & Welfare 2014-15	8,000	-	8,000	-	-	-	-	-	-
Schenck Health & Welfare 2015-16	-	-	-	-	-	8,360	8,360	-	-
Rebate Fund/ASBO	22,965	44,375	49,909	-	17,431	34,678	30,009	-	22,100
Scholarships and Awards	3,500	8,300	8,800	-	3,000	9,016	8,650	-	3,366
Miscellaneous Programs	-	-	8,500	8,500	-	-	8,500	8,500	-
Formative Assessment	-	-	-	-	-	22,930	22,930	-	-
High Ability 2014-15	-	32,243	32,243	-	-	-	-	-	-
High Ability 2015-16	-	-	-	-	-	33,107	33,107	-	-
Secured Schools Safety Grant	(22,131)	25,000	37,619	-	(34,750)	-	51,275	-	(86,025)
Non-English Speaking Prog 2014	-	2,840	2,704	-	136	-	136	-	-
Non-English Speaking Prog 2015	-	-	-	-	-	7,386	675	-	6,711
School Technology	-	13,730	12,106	-	1,624	26,243	29,144	-	(1,277)
Excellence in Performance	-	258,954	258,954	-	-	-	-	-	-
Senator David Ford Technology	-	-	94,600	-	(94,600)	99,955	5,355	-	-
Title I - FY 2013-14	(28,003)	54,420	26,417	-	-	-	-	-	-
Title I - FY 2014-15	-	208,446	256,640	-	(48,194)	78,239	30,045	-	-
Title I - FY 2015-16	-	-	-	-	-	193,470	208,995	-	(15,525)
IDEA Part B, CO-OP 2012-13	-	89	89	-	-	-	-	-	-
IDEA Part B, CO-OP 2013-14	(33,876)	33,876	-	-	-	-	-	-	-
IDEA Part B, CO-OP 2014-15	-	440,637	441,618	-	(981)	981	-	-	-
IDEA Part B, CO-OP 2015-16	-	-	-	-	-	440,890	440,890	-	-
Technical Assistance FY2014	(2,000)	2,000	-	-	-	-	-	-	-
IDEA Preschool CO-OP 2014-15	-	13,696	13,696	-	-	-	-	-	-
IDEA Preschool CO-OP 2015-16	-	-	-	-	-	13,686	13,686	-	-
Title II, Part A 2012-14	-	59,046	59,046	-	-	-	-	-	-
Title II, Part A 2013-15	-	-	-	-	-	54,549	54,549	-	-
Prepaid Food	-	-	-	-	-	442,082	428,237	-	13,845
Payroll Clearing	40,014	3,387,154	3,379,884	-	47,284	1,097,777	1,135,394	-	9,667
Totals	\$ 11,084,193	\$ 26,222,141	\$ 25,705,715	\$ 35,109	\$ 11,635,728	\$ 24,522,859	\$ 23,975,210	\$ 35,032	\$ 12,218,409

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, 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.

NORTH MONTGOMERY 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.

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.

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.

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

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.

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.

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

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

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

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

Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

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.

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in 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.

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement for expenditures made by the School Corporation for federal reimbursable grants not received by June 30, 2015 and 2016.

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 2015 and 2016 totaled \$1,709,000 and \$1,712,000, respectively.

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.) These benefits pose a liability to the School Corporation. 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.

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 2,873,818	\$ 1,011,078	\$ 166,596	\$ 483,585	\$ 489,595	\$ 5,046	\$ 1,402,407
Receipts:							
Local sources	38,366	1,731,911	270,751	2,299,402	2,585,840	276,362	5,945
Intermediate sources	19	-	-	-	-	-	-
State sources	11,948,034	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	9,876	-	-
Total receipts	11,986,419	1,731,911	270,751	2,299,402	2,595,716	276,362	5,945
Disbursements:							
Instruction	7,461,205	-	-	-	-	-	-
Support services	3,701,376	11,946	-	1,188,647	1,984,527	316,013	164,287
Noninstructional services	373,149	-	-	-	-	-	-
Facilities acquisition and construction	45,122	-	-	706,862	-	-	589,492
Debt service	-	1,715,904	277,556	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	11,580,852	1,727,850	277,556	1,895,509	1,984,527	316,013	753,779
Excess (deficiency) of receipts over disbursements	405,567	4,061	(6,805)	403,893	611,189	(39,651)	(747,834)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	9,871	-	-	435	455	-	-
Transfers in	7,200,000	-	-	-	10,000	80,000	625,000
Transfers out	(7,200,000)	-	-	-	(705,000)	(10,000)	-
Total other financing sources (uses)	9,871	-	-	435	(694,545)	70,000	625,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	415,438	4,061	(6,805)	404,328	(83,356)	30,349	(122,834)
Cash and investments - ending	\$ 3,289,256	\$ 1,015,139	\$ 159,791	\$ 887,913	\$ 406,239	\$ 35,395	\$ 1,279,573

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, 2015

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	Extra- Curricular Activities	Charger Café 2014-15
Cash and investments - beginning	\$ 3,658,718	\$ 344,196	\$ 172,543	\$ 488,777	\$ (10,120)	\$ 4,849	\$ 1,000
Receipts:							
Local sources	-	431,951	141,685	1,140,077	-	3,216	36
Intermediate sources	-	-	-	-	-	-	-
State sources	-	14,336	68,110	-	42,604	-	-
Federal sources	-	625,749	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,072,036	209,795	1,140,077	42,604	3,216	36
Disbursements:							
Instruction	152,632	-	-	-	38,705	5,385	1,036
Support services	59,220	3,788	121,857	-	-	-	-
Noninstructional services	1,000	937,940	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,153,605	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	212,852	941,728	121,857	1,153,605	38,705	5,385	1,036
Excess (deficiency) of receipts over disbursements	(212,852)	130,308	87,938	(13,528)	3,899	(2,169)	(1,000)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	15,848	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	15,848	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(212,852)	146,156	87,938	(13,528)	3,899	(2,169)	(1,000)
Cash and investments - ending	\$ 3,445,866	\$ 490,352	\$ 260,481	\$ 475,249	\$ (6,221)	\$ 2,680	\$ -

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, 2015

	STEM Forward	Stem Summer Camp Grant	Reading Interest Books	Running the Race to 4th Grade	Schenck Health & Welfare 2014-15	Schenck Health & Welfare 2015-16	Rebate Fund/ ASBO
Cash and investments - beginning	\$ -	\$ 3,636	\$ -	\$ -	\$ 8,000	\$ -	\$ 22,965
Receipts:							
Local sources	1,000	-	1,065	1,000	-	-	43,434
Intermediate sources	-	-	-	-	-	-	941
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,000	-	1,065	1,000	-	-	44,375
Disbursements:							
Instruction	-	-	-	-	-	-	7,000
Support services	-	-	-	-	8,000	-	42,909
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	3,636	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	3,636	-	-	8,000	-	49,909
Excess (deficiency) of receipts over disbursements	1,000	(3,636)	1,065	1,000	(8,000)	-	(5,534)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	1,000	(3,636)	1,065	1,000	(8,000)	-	(5,534)
Cash and investments - ending	\$ 1,000	\$ -	\$ 1,065	\$ 1,000	\$ -	\$ -	\$ 17,431

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, 2015

	Scholarships and Awards	Miscellaneous Programs	Formative Assessment	High Ability 2014-15	High Ability 2015-16	Secured Schools Safety Grant	Non-English Speaking Prog 2014
Cash and investments - beginning	\$ 3,500	\$ -	\$ -	\$ -	\$ -	\$ (22,131)	\$ -
Receipts:							
Local sources	8,300	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	32,243	-	25,000	2,840
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	8,300	-	-	32,243	-	25,000	2,840
Disbursements:							
Instruction	-	-	-	32,243	-	-	-
Support services	-	8,500	-	-	-	34,750	2,704
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,869	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	8,800	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	8,800	8,500	-	32,243	-	37,619	2,704
Excess (deficiency) of receipts over disbursements	(500)	(8,500)	-	-	-	(12,619)	136
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	(500)	-	-	-	-	(12,619)	136
Cash and investments - ending	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ (34,750)	\$ 136

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, 2015

	Non-English Speaking Prog 2015	School Technology	Excellence in Performance	Senator David Ford Technology	Title I - FY 2013-14	Title I - FY 2014-15	Title I - FY 2015-16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (28,003)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	13,730	258,954	-	-	-	-
Federal sources	-	-	-	-	54,420	208,446	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	13,730	258,954	-	54,420	208,446	-
Disbursements:							
Instruction	-	-	258,954	-	17,788	222,550	-
Support services	-	12,106	-	-	8,629	34,090	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	94,600	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	12,106	258,954	94,600	26,417	256,640	-
Excess (deficiency) of receipts over disbursements	-	1,624	-	(94,600)	28,003	(48,194)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	-	1,624	-	(94,600)	28,003	(48,194)	-
Cash and investments - ending	\$ -	\$ 1,624	\$ -	\$ (94,600)	\$ -	\$ (48,194)	\$ -

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, 2015

	IDEA PART B, CO-OP 2012-13	IDEA PART B, CO-OP 2013-14	IDEA PART B, CO-OP 2014-15	IDEA PART B, CO-OP 2015-16	Technical Assistance FY2014	IDEA Preschool CO-OP 2014-15
Cash and investments - beginning	\$ -	\$ (33,876)	\$ -	\$ -	\$ (2,000)	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	2,000	-
Federal sources	89	33,876	440,637	-	-	13,696
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	89	33,876	440,637	-	2,000	13,696
Disbursements:						
Instruction	89	-	441,618	-	-	13,696
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	89	-	441,618	-	-	13,696
Excess (deficiency) of receipts over disbursements	-	33,876	(981)	-	2,000	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
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	-	33,876	(981)	-	2,000	-
Cash and investments - ending	\$ -	\$ -	\$ (981)	\$ -	\$ -	\$ -

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, 2015

	IDEA Preschool CO-OP 2015-16	Title II, Part A 2012-14	Title II, Part A 2013-15	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 40,014	\$ 11,084,193
Receipts:						
Local sources	-	-	-	-	-	8,980,341
Intermediate sources	-	-	-	-	-	960
State sources	-	-	-	-	-	12,407,851
Federal sources	-	59,046	-	-	-	1,435,959
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	3,387,154	3,397,030
Total receipts	-	59,046	-	-	3,387,154	26,222,141
Disbursements:						
Instruction	-	59,046	-	-	-	8,711,947
Support services	-	-	-	-	-	7,703,349
Noninstructional services	-	-	-	-	-	1,312,089
Facilities acquisition and construction	-	-	-	-	-	1,442,581
Debt service	-	-	-	-	-	1,993,460
Nonprogrammed charges	-	-	-	-	-	1,162,405
Interfund loans	-	-	-	-	3,379,884	3,379,884
Total disbursements	-	59,046	-	-	3,379,884	25,705,715
Excess (deficiency) of receipts over disbursements	-	-	-	-	7,270	516,426
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	35,109
Transfers in	-	-	-	-	-	7,915,000
Transfers out	-	-	-	-	-	(7,915,000)
Total other financing sources (uses)	-	-	-	-	-	35,109
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	7,270	551,535
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 47,284	\$ 11,635,728

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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,289,256	\$ 1,015,139	\$ 159,791	\$ 887,913	\$ 406,239	\$ 35,395	\$ 1,279,573
Receipts:							
Local sources	36,806	1,864,379	283,074	2,358,196	2,616,457	307,463	-
Intermediate sources	20	-	-	-	-	-	-
State sources	12,043,250	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	3,384	-	-
Total receipts	12,080,076	1,864,379	283,074	2,358,196	2,619,841	307,463	-
Disbursements:							
Instruction	7,908,216	-	-	-	-	-	-
Support services	3,741,683	33,216	-	1,517,778	1,778,483	325,000	97,952
Noninstructional services	382,377	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,026,563	-	-	200,416
Debt service	-	1,718,459	278,278	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	12,032,276	1,751,675	278,278	2,544,341	1,778,483	325,000	298,368
Excess (deficiency) of receipts over disbursements	47,800	112,704	4,796	(186,145)	841,358	(17,537)	(298,368)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	3,298	-	-	920	4,216	-	-
Transfers in	7,200,000	-	-	-	80,000	100,000	775,000
Transfers out	(7,200,000)	-	-	-	(875,000)	(80,000)	-
Total other financing sources (uses)	3,298	-	-	920	(790,784)	20,000	775,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	51,098	112,704	4,796	(185,225)	50,574	2,463	476,632
Cash and investments - ending	\$ 3,340,354	\$ 1,127,843	\$ 164,587	\$ 702,688	\$ 456,813	\$ 37,858	\$ 1,756,205

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, 2016

	Retirement/ Severance Bond	School Lunch	Textbook Rental	Self- Insurance	Alternative Education	Extra- Curricular Activities	Charger Café 2014-15
Cash and investments - beginning	\$ 3,445,866	\$ 490,352	\$ 260,481	\$ 475,249	\$ (6,221)	\$ 2,680	\$ -
Receipts:							
Local sources	-	412,160	152,002	1,222,528	-	2,002	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	14,278	88,438	-	38,254	-	-
Federal sources	-	516,819	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	943,257	240,440	1,222,528	38,254	2,002	-
Disbursements:							
Instruction	136,161	-	-	-	38,768	3,112	-
Support services	17,218	471	156,297	-	-	-	-
Noninstructional services	1,000	997,262	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,103,577	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	154,379	997,733	156,297	1,103,577	38,768	3,112	-
Excess (deficiency) of receipts over disbursements	(154,379)	(54,476)	84,143	118,951	(514)	(1,110)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	18,098	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	18,098	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(154,379)	(36,378)	84,143	118,951	(514)	(1,110)	-
Cash and investments - ending	\$ 3,291,487	\$ 453,974	\$ 344,624	\$ 594,200	\$ (6,735)	\$ 1,570	\$ -

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, 2016

	STEM Forward	Stem Summer Camp Grant	Reading Interest Books	Running the Race to 4th Grade	Schenk Health & Welfare 2014-15	Schenk Health & Welfare 2015-16	Rebate Fund/ ASBO
Cash and investments - beginning	\$ 1,000	\$ -	\$ 1,065	\$ 1,000	\$ -	\$ -	\$ 17,431
Receipts:							
Local sources	-	-	-	-	-	8,360	27,403
Intermediate sources	-	-	-	-	-	-	7,275
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	8,360	34,678
Disbursements:							
Instruction	793	-	986	1,000	-	-	5,000
Support services	-	-	-	-	-	8,360	25,009
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	207	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,000	-	986	1,000	-	8,360	30,009
Excess (deficiency) of receipts over disbursements	(1,000)	-	(986)	(1,000)	-	-	4,669
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	(1,000)	-	(986)	(1,000)	-	-	4,669
Cash and investments - ending	\$ -	\$ -	\$ 79	\$ -	\$ -	\$ -	\$ 22,100

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, 2016

	Scholarships and Awards	Miscellaneous Programs	Formative Assessment	High Ability 2014-15	High Ability 2015-16	Secured Schools Safety Grant	Non-English Speaking Prog 2014
Cash and investments - beginning	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ (34,750)	\$ 136
Receipts:							
Local sources	9,016	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	22,930	-	33,107	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	9,016	-	22,930	-	33,107	-	-
Disbursements:							
Instruction	-	-	-	-	33,107	-	-
Support services	-	8,500	22,930	-	-	45,175	136
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	6,100	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	8,650	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	8,650	8,500	22,930	-	33,107	51,275	136
Excess (deficiency) of receipts over disbursements	366	(8,500)	-	-	-	(51,275)	(136)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	366	-	-	-	-	(51,275)	(136)
Cash and investments - ending	\$ 3,366	\$ -	\$ -	\$ -	\$ -	\$ (86,025)	\$ -

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, 2016

	Non-English Speaking Prog 2015	School Technology	Excellence in Performance	Senator David Ford Technology	Title I - FY 2013-14	Title I - FY 2014-15	Title I - FY 2015-16
Cash and investments - beginning	\$ -	\$ 1,624	\$ -	\$ (94,600)	\$ -	\$ (48,194)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	7,386	26,243	-	99,955	-	-	-
Federal sources	-	-	-	-	-	78,239	193,470
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	7,386	26,243	-	99,955	-	78,239	193,470
Disbursements:							
Instruction	-	-	-	-	-	22,285	178,275
Support services	259	29,144	-	3,630	-	7,760	30,720
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	416	-	-	1,725	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	675	29,144	-	5,355	-	30,045	208,995
Excess (deficiency) of receipts over disbursements	6,711	(2,901)	-	94,600	-	48,194	(15,525)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
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	6,711	(2,901)	-	94,600	-	48,194	(15,525)
Cash and investments - ending	\$ 6,711	\$ (1,277)	\$ -	\$ -	\$ -	\$ -	\$ (15,525)

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, 2016

	IDEA PART B, CO-OP 2012-13	IDEA PART B, CO-OP 2013-14	IDEA PART B, CO-OP 2014-15	IDEA PART B, CO-OP 2015-16	Technical Assistance FY2014	IDEA Preschool CO-OP 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ (981)	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	981	440,890	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-
Total receipts	-	-	981	440,890	-	-
Disbursements:						
Instruction	-	-	-	440,890	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt service	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	-	440,890	-	-
Excess (deficiency) of receipts over disbursements	-	-	981	-	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
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	-	-	981	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	IDEA Preschool CO-OP 2015-16	Title II, Part A 2012-14	Title II, Part A 2013-15	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 47,284	\$ 11,635,728
Receipts:						
Local sources	-	-	-	-	-	9,299,846
Intermediate sources	-	-	-	-	-	7,295
State sources	-	-	-	-	-	12,373,841
Federal sources	13,686	-	54,549	-	-	1,298,634
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	442,082	1,097,777	1,543,243
Total receipts	13,686	-	54,549	442,082	1,097,777	24,522,859
Disbursements:						
Instruction	13,686	-	54,549	-	-	8,836,828
Support services	-	-	-	-	-	7,849,721
Noninstructional services	-	-	-	-	-	1,380,639
Facilities acquisition and construction	-	-	-	-	-	1,235,427
Debt service	-	-	-	-	-	1,996,737
Nonprogrammed charges	-	-	-	-	-	1,112,227
Interfund loans	-	-	-	428,237	1,135,394	1,563,631
Total disbursements	13,686	-	54,549	428,237	1,135,394	23,975,210
Excess (deficiency) of receipts over disbursements	-	-	-	13,845	(37,617)	547,649
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	35,032
Transfers in	-	-	-	-	-	8,155,000
Transfers out	-	-	-	-	-	(8,155,000)
Total other financing sources (uses)	-	-	-	-	-	35,032
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	13,845	(37,617)	582,681
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 13,845	\$ 9,667	\$ 12,218,409

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NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 1,132,114</u>	<u>\$ 106,827</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Montgomery High School Building Corporation	High School Renovation	\$ 1,705,000	1/15/2003	1/15/2020
Total of annual lease payments		<u>\$ 1,705,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Pension Bond	\$ 1,865,000	\$ 277,865
General obligation bonds	QSCB- Energy Savings	<u>1,700,000</u>	<u>188,007</u>
Total governmental activities		<u>3,565,000</u>	<u>465,872</u>
Totals		<u>\$ 3,565,000</u>	<u>\$ 465,872</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 1,050,000
Infrastructure	691,327
Buildings	37,563,000
Improvements other than buildings	683,168
Machinery, equipment, and vehicles	<u>9,909,185</u>
Total governmental activities	<u>49,896,680</u>
Total capital assets	<u>\$ 49,896,680</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, 2014 to June 30, 2016. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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, 2014 to June 30, 2016.

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

(Continued)

Report on Internal Control over Compliance

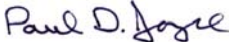
Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over 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.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002 and 2016-003, that we consider to be significant deficiencies.

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

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


Paul D. Joyce, CPA
State Examiner

April 25, 2018

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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.

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2014-15 FY 2015-16	\$ - -	\$ 150,945 -	\$ - -	\$ - 124,825
Total - School Breakfast Program				-	150,945	-	124,825
National School Lunch Program		10.555	FY 2014-15 FY 2015-16	- -	474,804 -	- -	- 391,994
Commodities			FY 2014-15 FY 2015-16	- -	67,148 -	- -	- 70,549
Total - National School Lunch Program				-	541,952	-	462,543
Total - Child Nutrition Cluster				-	692,897	-	587,368
Total - Department of Agriculture				-	692,897	-	587,368
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY 2013 Part B 611			14213-081-PN0	-	89	-	-
FY 2014 Part B 611			14214-081-PN0	-	33,876	-	-
FY 2015 Part B 611			14215-081-PN0	-	440,637	-	981
FY 2016 Part B 611			14216-081-PN0	-	-	-	440,890
FY 2014 Technical Assistance Grant			99914-081-PN0	-	2,000	-	-
Total - Special Education_Grants to States				-	476,602	-	441,871

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants FY 2015 Part B 619 FY 2016 Part B 619	Indiana Department of Education	84.173	45715-081-PN01 45716-075-PN01	- -	13,696 -	- -	- 13,686
Total - Special Education_Preschool Grants				-	13,696	-	13,686
Total - Special Education Cluster (IDEA)				-	490,298	-	455,557
Supporting Effective Instruction State Grants FY 2012-2014 Title II ,Part A FY 2013-2015 Title II, Part A	Indiana Department of Education	84.367	12-5835 13-5835	- -	59,046 -	- -	- 54,549
Total - Supporting Effective Instruction State Grants				-	59,046	-	54,549
Title I Grants to Local Educational Agencies Title I 2013-2014 Title I 2014-2015 Title I 2014-2015 Title I 2015-2016	Indiana Department of Education	84.010	14-5835 15-5835 15-5835 16-5835	- - - -	54,420 208,446 - -	- - - -	- - 78,239 193,470
Total - Title I Grants to Local Educational Agencies				-	262,866	-	271,709
Total - Department of Education				-	812,210	-	781,815
<u>Department of Homeland Security</u> Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security	97.036	385PA4173000000	-	4,950	-	-
Total - Department of Homeland Security				-	4,950	-	-
Total federal awards expended				\$ -	\$ 1,510,057	\$ -	\$ 1,369,183

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

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

NORTH MONTGOMERY 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 weakness identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weakness identified?	no
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

FINDING 2016-001

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

Condition

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

NORTH MONTGOMERY 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), which was the financial reporting system used to compile the School Corporation's SEFA. The Treasurer prepared the federal award information entered into Gateway without an effective control in place to prevent, or detect and correct errors prior to submission.

Context

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program commodity expenditures were not reported for the years ending June 30, 2015 and 2016, causing an understatement of \$137,697.
2. The Disaster Grants - Public Assistance (Presidentially Declared Disasters) expenditures were not reported for the year ending June 30, 2015, causing an understatement of \$4,950.

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

Criteria

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

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

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

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

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

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

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

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

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

Cause

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

Effect

Without a proper system of internal control in place that operated effectively, 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.

Views of Responsible Officials

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Comparability

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-5835, 15-5835, 16-5835

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Annual Report Card, High School Graduation Rate, Special Tests and Provisions - Comparability

Audit Finding: Significant Deficiency

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Comparability compliance requirements.

The School Corporation did not have a control procedure in place to ensure compliance with requirements related to the removal of children from the cohort and the Comparability Report.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

NORTH MONTGOMERY 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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Comparability compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Comparability compliance requirements.

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate and Special Tests and Provisions - Comparability 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 2016-003

Subject: Child Nutrition Cluster - Reporting

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): FY 2014-15, FY 2015-16

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Significant Deficiency

Condition

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

The School Corporation did not have a control procedure in place to ensure compliance with requirements related to the Annual Financial Report.

Context

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

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting compliance requirement.

Effect

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

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 Reporting compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

North Montgomery Community School Corporation

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2014-001

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Karyn Elder and Glenda Nice
Contact Phone Number: 765-359-2112

Status of Audit Finding:


Corrective Action was completed by August 1, 2015.

FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Karyn Elder and Glenda Nice
Contact Phone Number: 765-359-2112

Status of Audit Finding:

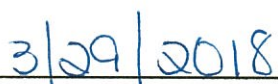
Corrective Action was completed by July 1, 2015.



(Signature)



(Title)



(Date)

Helping today's students find their **TRUE NORTH** for a better tomorrow!

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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer

Contact Phone Number: 765-359-2112

Views of Responsible Official:

Audit adjustments and recommendations were accepted and corrected to the SEFA.

Description of Corrective Action Plan:

All SEFA reporting will be reviewed and approved by the preparer and Business Manager or Treasurer.

Anticipated Completion Date: April 12, 2018

Corrections have been made to SEFA as of April 11, 2018.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer/Colleen Moran, Superintendent

Contact Phone Number: 765-359-2112

Views of Responsible Official:

Audit recommendations were accepted and will be corrected.

Description of Corrective Action Plan:

For Comparability compliance all reporting will be reviewed by the preparer and reviewed/approved by the Treasurer or Business Manager. A "Withdrawal from Public School" form that was being used at the high school has now been implemented at all of the schools in the district. This form is signed by the student, parent/guardian and school Principal.

Anticipated Completion Date: April 12, 2018

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BOARD OF SCHOOL TRUSTEES

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FINDING 2016-003

Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer/Karyn Elder, Director of Food Services

Contact Phone Number: 765-359-2112

Views of Responsible Official:
Audit recommendations were accepted and will be corrected.

Description of Corrective Action Plan:
For compliance all reporting will be reviewed by the preparer and reviewed/approved by the Treasurer or Business Manager.

Anticipated Completion Date: April 12, 2018

Glenda Nice
(Signature)

Treasurer
(Title)

4/12/2018
(Date)

OTHER REPORTS

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