

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

SOUTH MONTGOMERY COMMUNITY  
SCHOOL CORPORATION  
MONTGOMERY COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
07/19/2018



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 .....	10-11
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 .....	21-38
Schedule of Payables and Receivables .....	39
Schedule of Leases and Debt .....	40
Schedule of Capital Assets .....	41
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	44-46
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	49
Notes to Schedule of Expenditures of Federal Awards .....	50
Schedule of Findings and Questioned Costs .....	51-62
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	64
Corrective Action Plan .....	65-68
Other Reports .....	69

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Eric W. Brewer Kristin Charles	07-01-14 to 06-30-15 07-01-15 to 06-30-18
Superintendent of Schools	Dr. Shawn E. Greiner	07-01-14 to 06-30-20
President of the School Board	Brad Monts	07-01-14 to 12-31-18



**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](http://www.in.gov/sboa)

INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the South 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 June 15, 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

June 15, 2018



**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](http://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 SOUTH 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 South 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 June 15, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

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

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

**Compliance and Other Matters**


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-001 and 2016-002.

**South 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

June 15, 2018

(This page intentionally left blank.)

## 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.

SOUTH 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	\$ 904,992	\$ 10,461,853	\$ 10,171,930	\$ (59,857)	\$ 1,135,058	\$ 10,935,523	\$ 10,025,872	\$ -	\$ 2,044,709
Debt Service	4,254,775	5,064,550	4,541,706	(1,993,602)	2,784,017	5,073,972	5,295,934	(21,188)	2,540,867
Retirement/Severance Bond Debt Service	171,895	139,338	310,915	-	318	304,569	306,450	18,210	16,647
Capital Projects	1,167,620	2,428,570	2,512,193	(250,000)	833,997	2,339,326	2,608,619	(200,000)	364,704
School Transportation	949,164	1,869,572	1,663,772	(250,000)	904,964	1,913,756	1,792,993	(300,000)	725,727
School Bus Replacement	92,462	75,875	164,316	-	4,021	99,881	-	-	103,902
Rainy Day	120,901	-	620,198	500,000	703	-	168,675	500,000	332,028
Retirement/Severance Bond	576,998	172,995	13,716	-	736,277	-	(8,095)	(18,210)	726,162
Construction	(223,213)	232,863	-	-	9,650	-	-	-	9,650
Construction GO Bond	-	-	1,367,672	1,979,980	612,308	-	230,346	-	381,962
School Lunch	112,683	946,063	908,094	-	150,652	781,176	930,416	-	1,412
Textbook Rental	61,616	264,669	271,240	13,622	68,667	242,347	323,092	21,188	9,110
EMS Fire Science 13-14	13,373	-	31,140	-	(17,767)	-	(17,767)	-	-
EMS Fire Science 12-13	(1,306)	1,306	-	-	-	-	-	-	-
Law Enforcement 12-13	(2,647)	2,883	1,060	-	(824)	-	(824)	-	-
Law Enforcement 13-14	(12,190)	5,710	57,610	-	(64,090)	28,838	(35,252)	-	-
Alternative Education	9,526	6,519	-	-	16,045	-	5,250	-	10,795
Early Intervention 2012-2013	400	-	-	-	400	-	-	-	400
M.C.E.F. 2016-2017	-	-	-	-	-	11,728	882	-	10,846
Miscellaneous Programs	-	700	-	-	700	-	-	-	700
M.C.E.F. Ryan	145	812	77	-	880	(880)	-	-	-
M.C.E.F. Gonzarow	72	974	-	-	1,046	(1,046)	-	-	-
M.C.E.F. Ellenberger	50	-	-	-	50	(50)	-	-	-
M.C.E.F. McCormick/Hoard	3	-	-	-	3	(3)	-	-	-
M.C.E.F. France/Lewis	3	-	-	-	3	(3)	-	-	-
M.C.E.F. Hanlin/Craycraft	24	-	-	-	24	(24)	-	-	-
M.C.E.F. Vice/Harzlett	(30)	-	-	30	-	-	-	-	-
M.C.E.F. Whalen	34	6,228	-	(30)	6,232	(6,232)	-	-	-
M.C.E.F. Chad/Greg	7	-	-	-	7	(7)	-	-	-
M.C.E.F. Albertson	5	-	-	-	5	(5)	-	-	-
M.C.E.F. 2015-2016	-	-	-	-	-	6,392	6,392	-	-
M.C.E.F. Michel/Clifton	1	-	-	-	1	(1)	-	-	-
M.C.E.F. Mills	2	-	-	-	2	(2)	-	-	-
M.C.E.F. Burkhart	7	-	-	-	7	(7)	-	-	-
M.C.E.F. Ellingwood	500	-	500	-	-	-	-	-	-
M.C.E.F. Ellingwood/Ladoga	500	-	500	-	-	-	-	-	-
M.C.E.F. Ellenberger 2014-2015	1,000	-	1,000	-	-	-	-	-	-
M.C.E.F. Ryans	298	-	132	-	166	(166)	-	-	-
M.C.E.F. Clifton	1,000	-	-	-	1,000	(1,000)	-	-	-
M.C.E.F. Stull	904	-	904	-	-	-	-	-	-
JR High Survey	500	-	-	-	500	-	-	-	500
H.S. Survey 2011	350	-	-	-	350	-	-	-	350

SOUTH 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	Receipts	Disbursements	Other	Cash and	Receipts	Disbursements	Other	Cash and
	Investments			Financing	Investments			Financing	Investments
	07-01-14			Sources (Uses)	06-30-15			Sources (Uses)	06-30-16
Monsanto Grant	-	25,000	24,976	-	24	-	24	-	-
AHEAD Coalition School Officer	1,750	-	-	-	1,750	-	-	-	1,750
Gifted and Talented 12-13	(3,825)	-	825	4,325	(325)	-	(325)	-	-
Gifted and Talented 13-14	28,258	-	38,777	-	(10,519)	-	(10,519)	-	-
2015 High Ability Grant	-	42,044	10,227	-	31,817	-	27,981	-	3,836
High Ability 2015-2016	-	-	-	-	-	32,572	7,675	-	24,897
Non-English Speaking Programs	110	-	-	-	110	-	-	-	110
School Technology	700	4,568	-	-	5,268	6,564	-	-	11,832
Performance Based Awards	-	-	-	-	-	6,780	-	-	6,780
Child Care	2,347	-	-	-	2,347	-	-	-	2,347
Senator David Ford Technology	(39,700)	43,731	58	-	3,973	-	-	-	3,973
FY15 Secured School Safety	-	-	34,750	-	(34,750)	-	41,700	-	(76,450)
Title I 12-13	(3,027)	-	418	-	(3,445)	-	281	-	(3,726)
Title I FY 2014-2015	(23,621)	243,722	301,286	-	(81,185)	254,604	309,151	-	(135,732)
Title I FY 2015-2016	-	-	-	-	-	69,545	-	-	69,545
Title I School Improvement	-	-	-	-	-	42,725	-	-	42,725
IDEA	(50,638)	-	-	50,638	-	-	-	-	-
Special Education 13-14	33,759	83,926	423,573	-	(305,888)	-	(6,919)	-	(298,969)
Special Education FY 2015	-	268,010	3,249	-	264,761	155,163	428,338	-	(8,414)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	-	-	-
Tech Assist Professional Development	(9,061)	10,123	1,062	-	-	-	-	-	-
Preschool Handicap	9	-	-	-	9	-	-	-	9
Federal Assistance Educational Preschool Handicapped 13-14	(13,326)	13,326	-	-	-	-	-	-	-
Drug Free 09-10	4	-	-	-	4	-	-	-	4
Improving Teacher Quality, No Child Left, Title II, Part A 08-09	101	-	-	-	101	-	101	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 12-13	11,282	(15,545)	631	4,894	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 11-12	(9,927)	-	-	-	(9,927)	-	(9,927)	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 13-14	-	-	16,650	-	(16,650)	41,768	25,118	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 14-15	-	-	-	-	-	42,817	42,817	-	-
Improving Teacher Quality, No Child Left, Title II, Part A 15-16	-	-	-	-	-	-	8,000	-	(8,000)
E-Learn Conference Grant	(366)	-	-	-	(366)	-	6,000	-	(6,366)
Rural Schools and Low Income Program - Pass Through State	(10,100)	32,776	27,742	-	(5,066)	-	(5,166)	-	100
Special Education - Part B - Preschool	67,518	(67,518)	-	-	-	-	-	-	-
Unknown Reconciliation Amt	-	-	-	-	-	82,397	-	-	82,397
Payroll Clearing	(344,610)	2,654,112	3,244,524	-	(935,022)	2,608,169	3,310,057	-	(1,636,910)
VEBA Medical Trust	1,256,552	10,831	246,064	-	1,021,319	364,014	338,063	-	1,047,270
Revocable Medical Trust	36,860	42	-	-	36,902	-	-	-	36,902
<b>Totals</b>	<b>\$ 9,133,473</b>	<b>\$ 25,030,628</b>	<b>\$ 27,013,487</b>	<b>\$ -</b>	<b>\$ 7,150,614</b>	<b>\$ 25,435,200</b>	<b>\$ 26,145,433</b>	<b>\$ -</b>	<b>\$ 6,440,381</b>

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

SOUTH 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.

SOUTH 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.

*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.

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

*F. Other Financing Sources and Uses*

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

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

*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 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.

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

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

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

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Negative Receipts and Disbursements**

The financial statement contains some receipts and disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative receipt/disbursement was shown in the current period. There were also reconciliations performed by Umbaugh. Any adjustments Umbaugh made were by writing a negative receipt or disbursement. The association with Umbaugh has since ended and there is no further expectation of negative receipts and disbursements.

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

**Note 8. Cash Balance Deficits**

The financial statement contains fourteen funds with deficits in cash on June 30, 2015. Thirteen of the fund deficits are a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015. The payroll clearing funds also had deficit balance of \$935,022 at June 30, 2015. This is a result of paying prepaid insurance from the payroll in advance of withholding the premium from the employee checks.

The financial statement contains eight funds with deficits in cash on June 30, 2016. Seven of the deficits are a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016. The payroll clearing funds also had deficit balance of \$1,636,910 at June 30, 2016. This is a result of paying prepaid insurance from the payroll in advance of withholding the premium from the employee checks and overpayment of state and federal withholding.

**Note 9. Restatements**

For the year ended June 30, 2015, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances:

Fund	Balance as of June 30, 2014	Prior Period Adjustment	Balance as of July 1, 2014
General	\$ 878,596	\$ 26,396	\$ 904,992
Textbook Rental	35,237	26,379	61,616

**Note 10. Holding Corporation**

The School Corporation has entered into a capital lease with South Montgomery Community 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 \$4,400,000 and \$4,350,000, respectively.

**Note 11. Subsequent Events**

On June 30, 2017, the School Corporation issued a General Obligation (G.O.) Bond in the amount of \$2,000,000 to fund various projects around the school.

On July 15, 2017, the School Corporation created a lease with the South Montgomery Community School Building Corporation to fund a new Trades Education Building, Corporation Office, and improvements to the sports facilities. The lease is for 15 years beginning payments July 15, 2018, and will total \$30,330,000.

(This page intentionally left blank.)

#### 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.

(This page intentionally left blank.)

SOUTH 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	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 904,992	\$ 4,254,775	\$ 171,895	\$ 1,167,620	\$ 949,164	\$ 92,462	\$ 120,901	\$ 576,998	\$ (223,213)
Receipts:									
Local sources	6,814	2,125,181	139,338	1,037,494	819,360	75,875	-	-	-
Intermediate sources	19	-	-	-	-	-	-	-	-
State sources	10,367,259	-	-	-	14,100	-	-	-	-
Federal sources	70	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	87,691	2,939,369	-	1,391,076	1,036,112	-	-	172,995	232,863
Total receipts	10,461,853	5,064,550	139,338	2,428,570	1,869,572	75,875	-	172,995	232,863
Disbursements:									
Instruction	6,693,373	-	-	-	-	-	-	-	-
Support services	3,308,623	-	-	907,208	1,659,809	164,316	620,198	13,716	-
Noninstructional services	169,934	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,604,985	3,963	-	-	-	-
Debt service	-	4,541,706	310,915	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	10,171,930	4,541,706	310,915	2,512,193	1,663,772	164,316	620,198	13,716	-
Excess (deficiency) of receipts over disbursements	289,923	522,844	(171,577)	(83,623)	205,800	(88,441)	(620,198)	159,279	232,863
Other financing sources (uses):									
Proceeds of long-term debt	-	(1,979,980)	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	2,575,000	-	-	-	-	-	500,000	-	-
Transfers out	(2,634,857)	(13,622)	-	(250,000)	(250,000)	-	-	-	-
Total other financing sources (uses)	(59,857)	(1,993,602)	-	(250,000)	(250,000)	-	500,000	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	230,066	(1,470,758)	(171,577)	(333,623)	(44,200)	(88,441)	(120,198)	159,279	232,863
Cash and investments - ending	\$ 1,135,058	\$ 2,784,017	\$ 318	\$ 833,997	\$ 904,964	\$ 4,021	\$ 703	\$ 736,277	\$ 9,650

SOUTH 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

	Construction GO Bond	School Lunch	Textbook Rental	EMS Fire Science 13-14	EMS Fire Science 12-13	Law Enforcement 12-13	Law Enforcement 13-14	Alternative Education	Early Intervention 2012-2013
Cash and investments - beginning	\$ -	\$ 112,683	\$ 61,616	\$ 13,373	\$ (1,306)	\$ (2,647)	\$ (12,190)	\$ 9,526	\$ 400
Receipts:									
Local sources	-	513,241	211,451	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	(4,415)	53,228	-	1,306	2,883	5,710	6,519	-
Federal sources	-	437,237	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	(10)	-	-	-	-	-	-
Total receipts	-	946,063	264,669	-	1,306	2,883	5,710	6,519	-
Disbursements:									
Instruction	-	-	-	31,140	-	1,060	57,610	-	-
Support services	-	1,110	271,240	-	-	-	-	-	-
Noninstructional services	-	906,984	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	1,367,672	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,367,672	908,094	271,240	31,140	-	1,060	57,610	-	-
Excess (deficiency) of receipts over disbursements	(1,367,672)	37,969	(6,571)	(31,140)	1,306	1,823	(51,900)	6,519	-
Other financing sources (uses):									
Proceeds of long-term debt	1,979,980	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	86,608	-	-	-	-	-	-
Transfers out	-	-	(72,986)	-	-	-	-	-	-
Total other financing sources (uses)	1,979,980	-	13,622	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	612,308	37,969	7,051	(31,140)	1,306	1,823	(51,900)	6,519	-
Cash and investments - ending	\$ 612,308	\$ 150,652	\$ 68,667	\$ (17,767)	\$ -	\$ (824)	\$ (64,090)	\$ 16,045	\$ 400

SOUTH 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

	M.C.E.F. 2016-2017	Miscellaneous Programs	M.C.E.F. Ryan	M.C.E.F. Gonzarow	M.C.E.F. Ellenberger	M.C.E.F. McCormic/Hoard	M.C.E.F. France/Lewis	M.C.E.F. Hanlin/Craycraft	M.C.E.F. Vice/Hazlett
Cash and investments - beginning	\$ -	\$ -	\$ 145	\$ 72	\$ 50	\$ 3	\$ 3	\$ 24	\$ (30)
Receipts:									
Local sources	-	700	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	812	974	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	700	812	974	-	-	-	-	-
Disbursements:									
Instruction	-	-	77	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	77	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	700	735	974	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	30
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	30
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	700	735	974	-	-	-	-	30
Cash and investments - ending	\$ -	\$ 700	\$ 880	\$ 1,046	\$ 50	\$ 3	\$ 3	\$ 24	\$ -

SOUTH 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

	M.C.E.F. Whalen	M.C.E.F. Chad/Greg	M.C.E.F. Albertson	M.C.E.F. 2015-2016	M.C.E.F. Michel/Clifton	M.C.E.F. Mills	M.C.E.F. Burkhart	M.C.E.F. Ellingwood	M.C.E.F. Ellingwood/Ladoga
Cash and investments - beginning	\$ 34	\$ 7	\$ 5	\$ -	\$ 1	\$ 2	\$ 7	\$ 500	\$ 500
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	6,228	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	6,228	-	-	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	500	500
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	500	500
Excess (deficiency) of receipts over disbursements	6,228	-	-	-	-	-	-	(500)	(500)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(30)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(30)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,198	-	-	-	-	-	-	(500)	(500)
Cash and investments - ending	\$ 6,232	\$ 7	\$ 5	\$ -	\$ 1	\$ 2	\$ 7	\$ -	\$ -

SOUTH 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

	M.C.E.F. Ellenberger 2014-2015	M.C.E.F. Ryans	M.C.E.F. Clifton	M.C.E.F. Stull	JR High Survey	H.S. Survey 2011	Monsanto Grant	AHEAD Coalition School Officer	Gifted and Talented 12-13
Cash and investments - beginning	\$ 1,000	\$ 298	\$ 1,000	\$ 904	\$ 500	\$ 350	\$ -	\$ 1,750	\$ (3,825)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	25,000	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	25,000	-	-
Disbursements:									
Instruction	1,000	132	-	904	-	-	2,500	-	825
Support services	-	-	-	-	-	-	22,476	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	1,000	132	-	904	-	-	24,976	-	825
Excess (deficiency) of receipts over disbursements	(1,000)	(132)	-	(904)	-	-	24	-	(825)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	4,325
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	4,325
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,000)	(132)	-	(904)	-	-	24	-	3,500
Cash and investments - ending	\$ -	\$ 166	\$ 1,000	\$ -	\$ 500	\$ 350	\$ 24	\$ 1,750	\$ (325)

SOUTH 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

	Gifted and Talented 13-14	2015 High Ability Grant	High Ability 2015-2016	Non-English Speaking Programs	School Technology	Performance Based Awards	Child Care	Senator David Ford Technology	FY15 Secured School Safety
Cash and investments - beginning	\$ 28,258	\$ -	\$ -	\$ 110	\$ 700	\$ -	\$ 2,347	\$ (39,700)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	42,044	-	-	4,568	-	-	43,731	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	42,044	-	-	4,568	-	-	43,731	-
Disbursements:									
Instruction	38,777	10,227	-	-	-	-	-	-	34,750
Support services	-	-	-	-	-	-	-	58	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	38,777	10,227	-	-	-	-	-	58	34,750
Excess (deficiency) of receipts over disbursements	(38,777)	31,817	-	-	4,568	-	-	43,673	(34,750)
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	(38,777)	31,817	-	-	4,568	-	-	43,673	(34,750)
Cash and investments - ending	\$ (10,519)	\$ 31,817	\$ -	\$ 110	\$ 5,268	\$ -	\$ 2,347	\$ 3,973	\$ (34,750)

SOUTH 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

	Title I 12-13	Title I FY 2014-2015	Title I FY 2015-2016	Title I School Improvement	IDEA	Special Education 13-14	Special Education FY 2015	(IDEA, Part B) LEA Capacity Building (Silver) Grants	Tech Assist Professional Development
Cash and investments - beginning	\$ (3,027)	\$ (23,621)	\$ -	\$ -	\$ (50,638)	\$ 33,759	\$ -	\$ -	\$ (9,061)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	243,722	-	-	-	83,926	268,010	-	10,123
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	243,722	-	-	-	83,926	268,010	-	10,123
Disbursements:									
Instruction	418	277,150	-	-	-	423,573	-	-	-
Support services	-	22,790	-	-	-	-	3,249	-	1,062
Noninstructional services	-	1,346	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	418	301,286	-	-	-	423,573	3,249	-	1,062
Excess (deficiency) of receipts over disbursements	(418)	(57,564)	-	-	-	(339,647)	264,761	-	9,061
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	50,638	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	50,638	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(418)	(57,564)	-	-	50,638	(339,647)	264,761	-	9,061
Cash and investments - ending	\$ (3,445)	\$ (81,185)	\$ -	\$ -	\$ -	\$ (305,888)	\$ 264,761	\$ -	\$ -

SOUTH 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

	Preschool Handicap	Federal Assistance Educational Preschool Handicapped 13-14	Drug Free 09-10	Improving Teacher Quality, No Child Left, Title II, Part A 08-09	Improving Teacher Quality, No Child Left, Title II, Part A 12-13	Improving Teacher Quality, No Child Left, Title II, Part A 11-12	Improving Teacher Quality, No Child Left, Title II, Part A 13-14	Improving Teacher Quality, No Child Left, Title II, Part A 14-15	Improving Teacher Quality, No Child Left, Title II, Part A 15-16
Cash and investments - beginning	\$ 9	\$ (13,326)	\$ 4	\$ 101	\$ 11,282	\$ (9,927)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	13,326	-	-	(15,545)	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	13,326	-	-	(15,545)	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	631	-	-	-	-
Support services	-	-	-	-	-	-	16,650	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	631	-	16,650	-	-
Excess (deficiency) of receipts over disbursements	-	13,326	-	-	(16,176)	-	(16,650)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	4,894	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	4,894	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,326	-	-	(11,282)	-	(16,650)	-	-
Cash and investments - ending	\$ 9	\$ -	\$ 4	\$ 101	\$ -	\$ (9,927)	\$ (16,650)	\$ -	\$ -

SOUTH 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

	E-Learn Conference Grant	Rural Schools and Low Income Program - Pass Through State	Special Education - Part B - Preschool	Unknown Reconciliation Amt	Payroll Clearing	VEBA Medical Trust	Revocable Medical Trust	Totals
Cash and investments - beginning	\$ (366)	\$ (10,100)	\$ 67,518	\$ -	\$ (344,610)	\$ 1,256,552	\$ 36,860	\$ 9,133,473
Receipts:								
Local sources	-	-	-	-	-	-	-	4,929,454
Intermediate sources	-	-	-	-	-	-	-	19
State sources	-	-	-	-	-	-	-	10,569,947
Federal sources	-	32,776	(67,518)	-	-	-	-	1,006,127
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	2,654,112	10,831	42	8,525,081
Total receipts	-	32,776	(67,518)	-	2,654,112	10,831	42	25,030,628
Disbursements:								
Instruction	-	-	-	-	-	-	-	7,575,147
Support services	-	27,742	-	-	-	-	-	7,040,247
Noninstructional services	-	-	-	-	3,244,524	246,064	-	4,568,852
Facilities acquisition and construction	-	-	-	-	-	-	-	1,608,948
Debt service	-	-	-	-	-	-	-	6,220,293
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	27,742	-	-	3,244,524	246,064	-	27,013,487
Excess (deficiency) of receipts over disbursements	-	5,034	(67,518)	-	(590,412)	(235,233)	42	(1,982,859)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	3,221,495
Transfers out	-	-	-	-	-	-	-	(3,221,495)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,034	(67,518)	-	(590,412)	(235,233)	42	(1,982,859)
Cash and investments - ending	\$ (366)	\$ (5,066)	\$ -	\$ -	\$ (935,022)	\$ 1,021,319	\$ 36,902	\$ 7,150,614

SOUTH 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	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 1,135,058	\$ 2,784,017	\$ 318	\$ 833,997	\$ 904,964	\$ 4,021	\$ 703	\$ 736,277	\$ 9,650
Receipts:									
Local sources	8,846	5,073,972	297,122	2,310,264	1,899,442	99,881	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	10,692,595	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	234,082	-	7,447	29,062	14,314	-	-	-	-
Total receipts	10,935,523	5,073,972	304,569	2,339,326	1,913,756	99,881	-	-	-
Disbursements:									
Instruction	7,083,676	-	-	-	-	-	-	-	-
Support services	2,810,037	-	-	1,263,081	1,792,993	-	168,675	(8,095)	-
Noninstructional services	132,159	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,345,538	-	-	-	-	-
Debt service	-	5,295,934	306,450	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	10,025,872	5,295,934	306,450	2,608,619	1,792,993	-	168,675	(8,095)	-
Excess (deficiency) of receipts over disbursements	909,651	(221,962)	(1,881)	(269,293)	120,763	99,881	(168,675)	8,095	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	2,022,822	-	18,210	-	-	-	500,000	-	-
Transfers out	(2,022,822)	(21,188)	-	(200,000)	(300,000)	-	-	(18,210)	-
Total other financing sources (uses)	-	(21,188)	18,210	(200,000)	(300,000)	-	500,000	(18,210)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	909,651	(243,150)	16,329	(469,293)	(179,237)	99,881	331,325	(10,115)	-
Cash and investments - ending	\$ 2,044,709	\$ 2,540,867	\$ 16,647	\$ 364,704	\$ 725,727	\$ 103,902	\$ 332,028	\$ 726,162	\$ 9,650

SOUTH 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

	Construction GO Bond	School Lunch	Textbook Rental	EMS Fire Science 13-14	EMS Fire Science 12-13	Law Enforcement 12-13	Law Enforcement 13-14	Alternative Education	Early Intervention 2012-2013
Cash and investments - beginning	\$ 612,308	\$ 150,652	\$ 68,667	\$ (17,767)	\$ -	\$ (824)	\$ (64,090)	\$ 16,045	\$ 400
Receipts:									
Local sources	-	454,716	192,536	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	49,811	-	-	-	28,838	-	-
Federal sources	-	326,460	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	781,176	242,347	-	-	-	28,838	-	-
Disbursements:									
Instruction	-	-	-	(17,767)	-	(824)	(35,252)	5,250	-
Support services	-	-	323,092	-	-	-	-	-	-
Noninstructional services	-	930,416	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	230,346	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	230,346	930,416	323,092	(17,767)	-	(824)	(35,252)	5,250	-
Excess (deficiency) of receipts over disbursements	(230,346)	(149,240)	(80,745)	17,767	-	824	64,090	(5,250)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	21,188	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	21,188	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(230,346)	(149,240)	(59,557)	17,767	-	824	64,090	(5,250)	-
Cash and investments - ending	\$ 381,962	\$ 1,412	\$ 9,110	\$ -	\$ -	\$ -	\$ -	\$ 10,795	\$ 400

SOUTH 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

	M.C.E.F. 2016-2017	Miscellaneous Programs	M.C.E.F. Ryan	M.C.E.F. Gonzarow	M.C.E.F. Ellenberger	M.C.E.F. McCormic/Hoard	M.C.E.F. France/Lewis	M.C.E.F. Hanlin/Craycraft	M.C.E.F. Vice/Hazlett
Cash and investments - beginning	\$ -	\$ 700	\$ 880	\$ 1,046	\$ 50	\$ 3	\$ 3	\$ 24	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	11,728	-	(880)	(1,046)	(50)	(3)	(3)	(24)	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	11,728	-	(880)	(1,046)	(50)	(3)	(3)	(24)	-
Disbursements:									
Instruction	882	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	882	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	10,846	-	(880)	(1,046)	(50)	(3)	(3)	(24)	-
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	10,846	-	(880)	(1,046)	(50)	(3)	(3)	(24)	-
Cash and investments - ending	\$ 10,846	\$ 700	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTH 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

	M.C.E.F. Whalen	M.C.E.F. Chad/Greg	M.C.E.F. Albertson	M.C.E.F. 2015-2016	M.C.E.F. Michel/Clifton	M.C.E.F. Mills	M.C.E.F. Burkhart	M.C.E.F. Ellingwood	M.C.E.F. Ellingwood/Ladoga
Cash and investments - beginning	\$ 6,232	\$ 7	\$ 5	\$ -	\$ 1	\$ 2	\$ 7	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	(6,232)	(7)	(5)	6,392	(1)	(2)	(7)	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	(6,232)	(7)	(5)	6,392	(1)	(2)	(7)	-	-
Disbursements:									
Instruction	-	-	-	6,392	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	6,392	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	(6,232)	(7)	(5)	-	(1)	(2)	(7)	-	-
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	(6,232)	(7)	(5)	-	(1)	(2)	(7)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

SOUTH 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

	M.C.E.F. Ellenberger 2014-2015	M.C.E.F. Ryans	M.C.E.F. Clifton	M.C.E.F. Stull	JR High Survey	H.S. Survey 2011	Monsanto Grant	AHEAD Coalition School Officer	Gifted and Talented 12-13
Cash and investments - beginning	\$ -	\$ 166	\$ 1,000	\$ -	\$ 500	\$ 350	\$ 24	\$ 1,750	\$ (325)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	(166)	(1,000)	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	(166)	(1,000)	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	(325)
Support services	-	-	-	-	-	-	24	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	24	-	(325)
Excess (deficiency) of receipts over disbursements	-	(166)	(1,000)	-	-	-	(24)	-	325
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	-	(166)	(1,000)	-	-	-	(24)	-	325
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 500	\$ 350	\$ -	\$ 1,750	\$ -

SOUTH 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

	Gifted and Talented 13-14	2015 High Ability Grant	High Ability 2015-2016	Non-English Speaking Programs	School Technology	Performance Based Awards	Child Care	Senator David Ford Technology	FY15 Secured School Safety
Cash and investments - beginning	\$ (10,519)	\$ 31,817	\$ -	\$ 110	\$ 5,268	\$ -	\$ 2,347	\$ 3,973	\$ (34,750)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	32,572	-	6,564	6,780	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	32,572	-	6,564	6,780	-	-	-
Disbursements:									
Instruction	(10,519)	27,981	7,675	-	-	-	-	-	41,700
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	(10,519)	27,981	7,675	-	-	-	-	-	41,700
Excess (deficiency) of receipts over disbursements	10,519	(27,981)	24,897	-	6,564	6,780	-	-	(41,700)
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	10,519	(27,981)	24,897	-	6,564	6,780	-	-	(41,700)
Cash and investments - ending	\$ -	\$ 3,836	\$ 24,897	\$ 110	\$ 11,832	\$ 6,780	\$ 2,347	\$ 3,973	\$ (76,450)

SOUTH 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

	Title I 12-13	Title I FY 2014-2015	Title I FY 2015-2016	Title I School Improvement	IDEA	Special Education 13-14	Special Education FY 2015	(IDEA, Part B) LEA Capacity Building (Silver) Grants	Tech Assist Professional Development
Cash and investments - beginning	\$ (3,445)	\$ (81,185)	\$ -	\$ -	\$ -	\$ (305,888)	\$ 264,761	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	254,604	69,545	42,725	-	-	155,163	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	254,604	69,545	42,725	-	-	155,163	-	-
Disbursements:									
Instruction	281	306,575	-	-	-	(6,919)	428,338	-	-
Support services	-	2,322	-	-	-	-	-	-	-
Noninstructional services	-	254	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	281	309,151	-	-	-	(6,919)	428,338	-	-
Excess (deficiency) of receipts over disbursements	(281)	(54,547)	69,545	42,725	-	6,919	(273,175)	-	-
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	(281)	(54,547)	69,545	42,725	-	6,919	(273,175)	-	-
Cash and investments - ending	\$ (3,726)	\$ (135,732)	\$ 69,545	\$ 42,725	\$ -	\$ (298,969)	\$ (8,414)	\$ -	\$ -

SOUTH 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

	Preschool Handicap	Federal Assistance Educational Preschool Handicapped 13-14	Drug Free 09-10	Improving Teacher Quality, No Child Left, Title II, Part A 08-09	Improving Teacher Quality, No Child Left, Title II, Part A 12-13	Improving Teacher Quality, No Child Left, Title II, Part A 11-12	Improving Teacher Quality, No Child Left, Title II, Part A 13-14	Improving Teacher Quality, No Child Left, Title II, Part A 14-15	Improving Teacher Quality, No Child Left, Title II, Part A 15-16
Cash and investments - beginning	\$ 9	\$ -	\$ 4	\$ 101	\$ -	\$ (9,927)	\$ (16,650)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	41,768	-	-
Federal sources	-	-	-	-	-	-	-	42,817	-
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	41,768	42,817	-
Disbursements:									
Instruction	-	-	-	101	-	(9,927)	-	-	-
Support services	-	-	-	-	-	-	25,118	42,817	8,000
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	101	-	(9,927)	25,118	42,817	8,000
Excess (deficiency) of receipts over disbursements	-	-	-	(101)	-	9,927	16,650	-	(8,000)
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	-	-	-	(101)	-	9,927	16,650	-	(8,000)
Cash and investments - ending	\$ 9	\$ -	\$ 4	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (8,000)

SOUTH 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

	E-Learn Conference Grant	Rural Schools and Low Income Program - Pass Through State	Special Education - Part B - Preschool	Unknown Reconciliation Amt	Payroll Clearing	VEBA Medical Trust	Revocable Medical Trust	Totals
Cash and investments - beginning	\$ (366)	\$ (5,066)	\$ -	\$ -	\$ (935,022)	\$ 1,021,319	\$ 36,902	\$ 7,150,614
Receipts:								
Local sources	-	-	-	-	-	-	-	10,336,779
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	10,867,622
Federal sources	-	-	-	-	-	-	-	891,314
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	82,397	2,608,169	364,014	-	3,339,485
Total receipts	-	-	-	82,397	2,608,169	364,014	-	25,435,200
Disbursements:								
Instruction	-	-	-	-	-	-	-	7,827,318
Support services	6,000	(5,166)	-	-	-	-	-	6,428,898
Noninstructional services	-	-	-	-	3,310,057	338,063	-	4,710,949
Facilities acquisition and construction	-	-	-	-	-	-	-	1,345,538
Debt service	-	-	-	-	-	-	-	5,832,730
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	6,000	(5,166)	-	-	3,310,057	338,063	-	26,145,433
Excess (deficiency) of receipts over disbursements	(6,000)	5,166	-	82,397	(701,888)	25,951	-	(710,233)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	2,562,220
Transfers out	-	-	-	-	-	-	-	(2,562,220)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,000)	5,166	-	82,397	(701,888)	25,951	-	(710,233)
Cash and investments - ending	\$ (6,366)	\$ 100	\$ -	\$ 82,397	\$ (1,636,910)	\$ 1,047,270	\$ 36,902	\$ 6,440,381

SOUTH 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>\$ 411,051</u>	<u>\$ 529,243</u>

SOUTH 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:				
South Montgomery Community School Building Corporation	Semi Annual Lease	\$ 4,397,825	7/15/2004	7/15/2018
Ricoh	Copier Equipment	41,452	1/1/2014	12/31/2019
Total governmental activities		<u>4,439,277</u>		
Total of annual lease payments		<u>\$ 4,439,277</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds		Capital Infrastructure Improvements	\$ 445,000	\$ 447,114
Revenue bonds		Pension	<u>1,225,000</u>	<u>297,552</u>
Total governmental activities			<u>1,670,000</u>	<u>744,666</u>
Totals			<u>\$ 1,670,000</u>	<u>\$ 744,666</u>

SOUTH 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.

	<u>Ending Balance</u>
Governmental activities:	
Infrastructure	\$ -
Buildings	57,411,287
Improvements other than buildings	975,187
Machinery, equipment, and vehicles	171,462
Construction in progress	-
Books and other	<u>831,966</u>
Total governmental activities	<u>59,389,902</u>
Total capital assets	<u><u>\$ 59,389,902</u></u>

(This page intentionally left blank.)

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 SOUTH MONTGOMERY COMMUNITY SCHOOL CORPORATION, MONTGOMERY COUNTY, INDIANA

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

We have audited the South 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.

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

As described in item 2016-003 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Child Nutrition Cluster regarding Program Income. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

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

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

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

***Basis for Qualified Opinion on Title I Grants to Local Educational Agencies***

As described in item 2016-004, 2016-005, and 2016-006 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with its Title I Local Educational Agencies regarding Reporting, Cash Management, and Period of Performance. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

***Qualified Opinion on Title I Grants to Local Educational Agencies***

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of Title I Grants to Local Educational Agencies regarding Reporting, Cash Management, and Period of Performance, described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* paragraph, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its Title I Grants to Local Educational Agencies for the period of July 1, 2014 to June 30, 2016.

***Other 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.

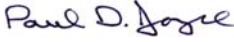
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses 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.

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

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003, 2016-004, 2016-005, and 2016-006 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

June 15, 2018

#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

(This page intentionally left blank.)

SOUTH 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	FY2015	\$ -	\$ 92,368	\$ -	\$ -
		10.553	FY2016	-	-	-	106,542
Total - School Breakfast Program				-	92,368	-	106,542
National School Lunch Program							
	Indiana Department of Education	10.555	FY2015	-	335,468	-	-
Commodities		10.555	FY2016	-	-	-	314,048
		10.555		-	53,188	-	50,064
Total - National School Lunch Program				-	388,656	-	364,112
Total - Child Nutrition Cluster				-	481,024	-	470,654
Total - Department of Agriculture				-	481,024	-	470,654
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
FY 14-15	Indiana Department of Education	84.027	14214-082-PN01	-	351,936	-	-
FY 15-16		84.027	14214-082-PN01	-	-	-	155,163
TA Grant		84.027	99914-082-TA01	-	10,123	-	-
Total - Special Education_Grants to States				-	362,059	-	155,163
Special Education_Preschool Grants							
Special Ed 619 FY14	Indiana Department of Education	84.173	45714-082-PN01	-	13,326	-	-
Total - Special Education Cluster (IDEA)				-	375,385	-	155,163
Title I Grants to Local Educational Agencies							
FY 13-14	Indiana Department of Education	84.010	S010A130014	-	125,526	-	-
FY 14-15		84.010	S010A140014	-	118,195	-	229,947
FY 15-16		84.010	S010A150014	-	-	-	136,927
Total - Title I Part A				-	243,721	-	366,874
Total - Title I Grants to Local Educational Agencies				-	243,721	-	366,874
Improving Teacher Quality State Grants							
Title II Part A	Indiana Department of Education	84.367	FY 15-16	-	-	-	84,585
Total - Improving Teacher Quality State Grants				-	-	-	84,585
Rural Education							
Rural Education	Indiana Department of Education	84.358	FY 14-15	-	32,776	-	-
Total - Rural Education				-	32,776	-	-
Total - Department of Education				-	651,882	-	606,622
Total federal awards expended				\$ -	\$ 1,132,906	\$ -	\$ 1,077,276

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

SOUTH 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.

SOUTH 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 weaknesses identified?	yes
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for all programs
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: Financial Transactions and Reporting  
Audit Findings: Material Weakness, Noncompliance

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-002.

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

*Condition*

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

Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts, reconcilements, and reporting.

*Reconcilements*

One employee was responsible for performing the reconcilement of the depository account balance with the record balance. There were no controls in place, such as an oversight, review, or approval process of the bank reconcilements.

*Receipts*

One employee was responsible for writing the receipts for funds received and preparing the daily deposits for the bank accounts. There were no controls in place, such as an oversight, review, or approval of the receipts posted to the ledger.

*Reporting*

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the financial statement. There were not adequate controls to ensure the accuracy of the transactions included in the records and reported in the financial statement. Due to the lack of controls, the School Corporation's financial statement contained the following errors:

1. Beginning balances were overstated for the School Lunch fund and the Textbook Rental fund by \$324,691 and \$131,394, respectively.
2. Receipts were overstated for the following funds and amounts: School Lunch fund for \$260,639, Textbook Rental fund for \$3,852, and the (IDEA, Part B) LEA Capacity Building (Silver) Grants fund for \$9,363. Receipts were understated for the following funds and amounts: Alternative Education fund for \$6,519, Tech Assist Professional Development fund for \$1,322, and School Technology fund for \$1,523.
3. Disbursements were overstated for the School Lunch fund and Textbook Rental fund by \$260,639 and \$127,541, respectively.

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

*Context*

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

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

*Criteria*

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

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

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

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

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

Accurate and timely recording of transactions. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7."

*Cause*

Management had not established a proper system of internal control.

*Effect*

The failure to establish controls enabled misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls, including segregation of duties, related to financial transactions and reporting.

*Views of Responsible Officials*

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

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

***FINDING 2016-002***

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2014-001.

*Condition*

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

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 source of the School Corporation's SEFA.

*Context*

The SEFA presented for audit contained the following errors:

1. Two federal programs were omitted.
2. Two federal programs had CFDA numbers omitted.
3. Federal expenditures were understated for five programs.
4. Federal expenditures were overstated for three programs.

In total, the SEFA was understated for \$1,227,016.

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. . . .

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

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:

- (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*.

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

*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.

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-003**

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

*Repeat Finding*

This is a repeat finding from the immediately prior audit report. The prior finding number was 2014-003.

*Condition*

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

The School Corporation had not designed or implemented adequate policies and procedures to ensure that Program Income was properly recorded in the financial records.

The School Corporation did not comply with Program Income requirements. The School Corporation did not establish the School Lunch Clearing Fund (8400) to account for prepaid school lunch account balances. All monthly receipts from sales, as well as prepayments, were recorded directly in the School Lunch fund (800). Due to the method of recordkeeping, Program Income could not be audited for either school year.

*Context*

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

SOUTH 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. . . ."

7 CFR 210.14(c) states:

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

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

- (12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Administrator and Uniform Compliance Guidelines, September 2008)

*Cause*

Management had not developed a system of internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit.

*Effect*

The failure to establish effective internal controls that would have ensured that prepaid receipts and program income receipts were segregated and available for audit prevented the determination of the School Corporation's compliance with the Program Income compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

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

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that prepaid receipts and program income receipts will be segregated and available for audit.

*Views of Responsible Officials*

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

**FINDING 2016-004**

Subject: Title I Grants to Local Educational Agencies - Reporting

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): S010A130014, S010A140014,  
S010A150014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

Reimbursement requests were not properly prepared. Supporting documentation for key line items on the reimbursement requests was not presented for audit. The reimbursement requests were not mathematically correct. They did not properly cross foot as expenditures, for the reporting period did not add to the prior total expenditures to date.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Additionally, the lack of supporting documentation prevented the determination of the School Corporation's compliance with the Reporting compliance requirement.

*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. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

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

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation was maintained and made available for audit.

*Effect*

The failure to maintain and make supporting documentation available for audit prevented the determination of the School Corporation's compliance with 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 that supporting documentation will be maintained and available for audit.

*Views of Responsible Officials*

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

**FINDING 2016-005**

Subject: Title I Grants to Local Educational Agencies - Cash Management

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): S010A130014, S010A140014,  
S010A150014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Cash Management

Audit Findings: Material Weakness, Modified Opinion

*Condition*

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

The School Corporation commingled grant years in the ledger. It could not be determined if the School Corporation followed its budget or if total grant funds were requested. Cash balances for either grant year could not be determined.

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

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Additionally, the commingling of grant years in the ledger prevented the determination of the School Corporation's compliance with the Cash Management compliance requirement.

*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. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

*Cause*

Management had not developed a system of internal controls that would have ensured that grant years were not commingled in the ledger.

*Effect*

The failure to separate grant years in the ledger prevented the determination of the School Corporation's compliance with the Cash Management compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that grant years will be separated in the ledger.

*Views of Responsible Officials*

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

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

***FINDING 2016-006***

Subject: Title I Grants to Local Educational Agencies - Period of Performance  
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): S010A130014, S010A140014,  
S010A150014  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Period of Performance  
Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Period of Performance compliance requirement.

The School Corporation commingled grant years in the ledger. It could not be determined which of the grants was being used; therefore, it could not be determined if expenditures were made during the period of availability. Five of the fifteen reimbursement request could be traced to summary fund reports but none of the reimbursement requests for the audit period were supported by detail supporting documentation. The reimbursement requests that were supported by summary fund information could not be recreated as the fund reports did not designate the period being summarized.

*Context*

The lack of controls was a systemic issue, which occurred throughout the audit period. Additionally, the commingling of grant years in the ledger and the lack of detail supporting documentation prevented the ability to determine compliance with the Period of Performance compliance requirement.

*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. . . ."

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meet the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

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

*Cause*

Management of the School Corporation had not developed a system of internal controls that would have ensured that the grant years were not commingled in the ledger and detail supporting documentation was maintained and made available for audit.

*Effect*

The failure to separate grant years in the ledger and maintain and make available detail supporting documentation prevented the determination of the School Corporation's compliance with the Period of Performance compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that grant years will be separated in the ledger and detail supporting documentation will be maintained and made available for audit.

*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.



P: (765) 866-0203

F: (765) 866-0736

P.O. Box 8, New Market, IN 47965

[www.southmontschools.org](http://www.southmontschools.org)

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2014-003 Program Income

Fiscal year in which the finding initially occurred: 07/01/12 to 06/30/14

Pass-Through Entry, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Eric Brewer, Director of Business & Operations

Contact Phone Number: 765-866-0203

Status of Audit Finding: **We are currently having a minimum of 2 people review reimbursement requests. Both parties should be signing off. We have also documented and are continually improving our procedures. We are sharing the report information from Komputrol and discussing when we make requests.**

### FINDING 2014-004 REPORTING

Fiscal year in which the finding initially occurred: 07/01/12 to 06/30/14

Pass-Through Entry, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: Eric Brewer, Director of Business & Operations

Contact Phone Number: 765-866-0203

Status of Audit Finding: **We are currently having a minimum of 2 people review reimbursement requests. Both parties should be signing off. We have also documented and are continually improving our procedures. We are sharing the report information from Komputrol and discussing when we make requests.**

*Dr. Shawn C. Greene*

(Signature)

*Superintendent*

(Title)

*5/11/18*

(Date)



**P:** (765) 866-0203

**F:** (765) 866-0736

P.O. Box 8, New Market, IN 47965

[www.southmontschools.org](http://www.southmontschools.org)

### **Corrective Action Plan- June 15, 2018**

**Audit Period: July 1, 2014-June 30, 2015 & July 1, 2015- June 30, 2016**

Contact Person: Kristin Charles  
Title: Director of Business & Human Resources  
Phone Number: 765-866-0203  
E-Mail: [kristin.charles@southmont.k12.in.us](mailto:kristin.charles@southmont.k12.in.us)

#### **Finding 2016-001**

We have implemented and will continue to involve multiple parties in the processing and reviewing of financials. We have reassigned duties within our corporation office to ensure there are multiple sets of eyes reviewing and checking the financials. On a daily basis the Asst. to the Director of Business & HR is creating the deposits and taking the money to the bank, the Student Systems Administrator is entering the receipts into Komputrol, and then the Director of Business is reconciling and completing month end procedures. After that is completed the bank statements and fund reports are provided to the Superintendent for his review. All parties are signing off during their part of the process. Our monthly reports are also sent to our outside contracted Fiscal Advisor for him to plug into our long term plan. The long term plan is then shared with the Superintendent and Director of Business/HR and they share it with the board. The fiscal advisor also presents to the school board two times a year. He also has several meetings with the Superintendent and Director of Business/HR throughout the year to review spending, budgeting, etc. We plan to have the portions that are not already completed done by 7/31/2018.

#### **Finding 2016-002**

We will seek out additional training to better understand the practice of entering our Federal Grant Rewards into Gateway. The Director of Business will enter the information into Gateway and the Superintendent will review before submission. We plan to have the portions that are not already completed done by 7/31/2018.



P: (765) 866-0203

F: (765) 866-0736

P.O. Box 8, New Market, IN 47965

[www.southmontschools.org](http://www.southmontschools.org)

### **Finding 2016-003**

The Director of Business & Director of Operations have been working with Chartwells Food Service Director to better track and record payments. Some of these areas of finding have been addressed, but not before the completion of the period that was audited. The school has already engaged Karen Canary to establish the 8400 Fund and to realign the monies that have not been placed into the proper accounts. We will continuously work to ensure that we are tracking expenditures and revenue through all the proper accounts. The Chartwells Food Service Director, the Director of Operations, and Director of Business are working with the building level ECA Treasurers to ensure that we are keeping proper track of such things. We have implemented new reports in 2017 and as mentioned above will work with Karen Canary to have all funds set up and proper transfers done to complete the process.

We plan to have the portions that are not already completed done by 7/31/2018.

### **Finding 2016-004**

We already have implemented a new system to meet all of the needs of Title I grant audit reporting. We have a shared Google shared drive that we are in the process of uploading all Title I documents into so that they are all in one place. This includes, but not limited to the Grant Application and all revisions, approval letter, reimbursement requests with the supporting documentation, the testing, and communications. We have also corrected the intermingling of grant years. We also have spreadsheets detailing the time frames that reimbursement requests were completed and the reports available to match up with such.



**P:** (765) 866-0203

**F:** (765) 866-0736

P.O. Box 8, New Market, IN 47965

[www.southmontschools.org](http://www.southmontschools.org)

We also are ensuring when there is any issue we document it in this file. The Title I Coordinator, Director of Business & Human Resources, Corporation Administrative Assistant, and the Superintendent all have access to this drive. We will keep a hard copy available in the Corporation Office for review. We will be filing all things by grant year and audit period specific. This is in process and will be completed by July 31, 2018. We will continue the practice that began after the last audit of a minimum of two individuals reviewing reimbursement requests (having a sign off completed) and the payrolls have specific segregation of duties in place as well.

#### **Finding 2016-005**

We already have implemented a new system to meet all of the needs of Title I grant audit reporting. We have a shared Google shared drive that we are in the process of uploading all Title I documents into so that they are all in one place. This includes, but not limited to the Grant Application and all revisions, approval letter, reimbursement requests with the supporting documentation, the testing, and communications. We have also corrected the intermingling of grant years. We also have spreadsheets detailing the time frames that reimbursement requests were completed and the reports available to match up with such. We are ensuring when there is any issue we document it in this file. The Title I Coordinator, Director of Business & Human Resources, Corporation Administrative Assistant, and the Superintendent all have access to this drive. We have a hard copy available in the Corporation Office for review. We will be filing all things by grant year and audit period specific. This is in process and will be completed by July 31, 2018. We will continue the practice that began after the last audit of a minimum of two individuals reviewing reimbursement requests (having a sign off completed) and the payrolls have specific segregation of duties in place as well.

#### **Finding 2016-006**

We already have implemented a new system to meet all of the needs of Title I grant audit reporting. We have a shared Google shared drive that we are in the process of uploading all Title I documents into so that they are all in one place. This includes, but not limited to the Grant Application and all revisions, approval letter, reimbursement requests with the supporting documentation, the testing, and communications. We have also corrected the intermingling of grant years. We also have spreadsheets detailing the time frames that



P: (765) 866-0203

F: (765) 866-0736

P.O. Box 8, New Market, IN 47965

[www.southmontschools.org](http://www.southmontschools.org)

reimbursement requests were completed and the reports available to match up with such. We are ensuring when there is any issue we document it in this file. The Title I Coordinator, Director of Business & Human Resources, Corporation Administrative Assistant, and the Superintendent all have access to this drive. We have a hard copy available in the Corporation Office for review. We will be filing all things by grant year and audit period specific. This is in process and will be completed by July 31, 2018. We will continue the practice that began after the last audit of a minimum of two individuals reviewing reimbursement requests (having a sign off completed) and the payrolls have specific segregation of duties in place as well.

*Kristin Charles*

Kristin Charles - Director of Business & HR

*6/15/18*

*Dr. Shawn E. Greiner*

Dr. Shawn Greiner - Superintendent

*6/15/18*

## 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/>.