

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NORTH MONTGOMERY COMMUNITY
SCHOOL CORPORATION
MONTGOMERY COUNTY, INDIANA

July 1, 2016 to June 30, 2018



FILED
03/22/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Glenda Nice	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Colleen Moran	07-01-16 to 06-30-19
President of the School Board	Michael Shepherd Karin Kerber-Odle	01-01-16 to 12-31-17 01-01-18 to 12-31-19



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the North Montgomery Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2016 to June 30, 2018, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated February 7, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 7, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the North Montgomery Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 7, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.


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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

February 7, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 3,340,354	\$ 12,346,777	\$ 12,266,038	\$ (40,297)	\$ 3,380,796	\$ 12,296,735	\$ 12,448,858	\$ 5,172	\$ 3,233,845
Debt Service	1,127,843	1,943,127	1,856,548	-	1,214,422	1,805,460	1,761,070	-	1,258,812
Retirement/Severance Bond Debt Service	164,587	281,723	278,181	-	168,129	286,026	277,386	-	176,769
Capital Projects	702,688	2,328,726	1,997,926	8,260	1,041,748	2,431,679	2,186,378	(142,095)	1,144,954
School Transportation	456,813	2,657,914	1,908,665	(679,129)	526,933	2,850,760	1,994,482	(956,755)	426,456
School Bus Replacement	37,858	341,464	48,187	(170,000)	161,135	381,969	602,031	121,200	62,273
Rainy Day	1,756,205	-	744,890	850,000	1,861,315	-	1,032,241	1,000,000	1,829,074
Retirement/Severance Bond	3,291,487	-	228,940	-	3,062,547	-	1,851,820	-	1,210,727
School Lunch	453,974	952,682	990,310	14,646	430,992	933,713	999,994	12,823	377,534
Textbook Rental	344,624	200,051	224,672	-	320,003	239,838	433,817	22,323	148,347
Self-Insurance	594,200	1,393,275	1,268,446	49,500	768,529	1,567,294	1,316,350	-	1,019,473
Alternative Education	(6,735)	89,470	94,480	-	(11,745)	175,336	178,964	-	(15,373)
IN Early Literacy Intervention	-	23,385	23,385	-	-	-	-	-	-
SAFE School Haven	-	-	-	-	-	20,850	34,750	-	(13,900)
Early Intervention Grant	-	9,298	9,298	-	-	-	-	-	-
Comprehensive Counseling Grant Lilly 2017	-	30,000	20,049	-	9,951	-	9,951	-	-
Lilly Comprehensive Counseling Grant	-	-	-	-	-	187,000	37,673	-	149,327
Gifts and Donations	-	-	-	-	-	2,882	1,387	-	1,495
Extra-Curricular Activities	1,570	3,605	2,933	-	2,242	3,774	2,014	-	4,002
Keyboards for Ipads	-	2,000	2,000	-	-	-	-	-	-
Recording Studio - 4th grade	-	1,000	976	-	24	-	24	-	-
Build a 3D Printer from Scratch	-	1,000	-	-	1,000	-	864	-	136
Reading Interest Books	79	-	-	-	79	-	-	-	79
Manufacturing Mass Production	-	1,099	1,099	-	-	-	-	-	-
Taking Care of my Brain	-	-	-	-	-	1,000	-	-	1,000
American Dairy Assoc Equipment Grant	-	3,425	-	-	3,425	-	3,308	-	117
Living to Serve - FFA Grant - 2017-2018	-	-	-	-	-	3,000	3,000	-	-
Movement for Better Focus	-	-	-	-	-	1,000	-	-	1,000
It's Alive! A Celebration of Frankenstein	-	-	-	-	-	1,000	-	-	1,000
Dollar General Youth Literacy	-	3,295	3,295	-	-	-	-	-	-
Schenck Health & Welfare Grant	-	8,239	8,239	-	-	-	-	-	-

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

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
Schenck Health & Welfare Grant 2017-2018	-	-	-	-	-	12,525	12,525	-	-
Early Learning Academy	-	-	-	-	-	21,309	21,309	-	-
Rebate Fund/ASBO	22,100	46,832	40,917	-	28,015	26,208	35,947	-	18,276
Scholarships and Awards	3,366	11,200	4,300	-	10,266	8,600	6,300	-	12,566
Miscellaneous Programs	-	2,663	10,313	15,500	7,850	9,411	14,076	-	3,185
Formative Assessment	-	24,084	22,817	-	1,267	18,363	18,363	-	1,267
High Ability 2016-2017	-	32,398	31,273	-	1,125	-	1,125	-	-
High Ability 2017-2018	-	-	-	-	-	32,249	32,249	-	-
Secured Schools Safety Grant	(86,025)	91,546	5,521	-	-	-	-	-	-
Non-English Speaking Prog 2015	6,711	-	6,711	-	-	-	-	-	-
Non-English Speaking Prog (NESP) 2016-2017	-	8,020	456	-	7,564	-	7,564	-	-
Non-English Speaking Prog (NESP) 2017-2018	-	-	-	-	-	7,750	192	-	7,558
School Technology	(1,277)	13,258	8,588	-	3,393	16,658	12,938	5,809	12,922
Career and Technical Performance Grant	-	8,710	1,314	-	7,396	10,606	17,317	-	685
Tilte I - FY 2016-2017	-	171,403	185,620	-	(14,217)	67,096	52,879	-	-
Tilte I - FY 2017-2018	-	-	-	-	-	177,329	222,426	-	(45,097)
Title I - FY 2015-16	(15,525)	57,714	42,189	-	-	-	-	-	-
IDEA Part B 611 2016-2017	-	453,538	453,538	-	-	-	-	-	-
IDEA Part B 611 2017-2018	-	-	-	-	-	453,460	453,460	-	-
IDEA Preschool 619 2016-2017	-	14,208	14,208	-	-	-	-	-	-
IDEA Preschool 619 2017-2018	-	-	-	-	-	14,010	14,010	-	-
Title II, Part A 2014-2016	-	55,710	55,710	-	-	-	-	-	-
Title II, Part A 2015-2017	-	-	-	-	-	56,039	56,039	-	-
Prepaid Food	13,845	405,447	405,231	-	14,061	390,674	391,881	-	12,854
Payroll Clearing	9,667	5,055	(40,500)	-	55,222	2,004	2,475	-	54,751
Totals	<u>\$ 12,218,409</u>	<u>\$ 24,023,341</u>	<u>\$ 23,226,763</u>	<u>\$ 48,480</u>	<u>\$ 13,063,467</u>	<u>\$ 24,513,607</u>	<u>\$ 26,549,437</u>	<u>\$ 68,477</u>	<u>\$ 11,096,114</u>

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

School Corporation, as used herein, shall include, but is not limited to, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

The School Corporation was established under the laws of the State of Indiana. The School Corporation operates under a Board of School Trustees form of government and provides educational services.

The accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts include the following sources:

Local sources. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

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

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

Other receipts. Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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.

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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.

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
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the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of reimbursement for expenditures made by the School Corporation for federal reimbursable grants not received by June 30, 2017 and 2018.

Note 8. Negative Disbursement

The financial statement contains a disbursement which appears as a negative entry. This is a result of the School Corporation's software program. The program only records the net transactions for the Payroll Clearing fund.

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with North Montgomery High Schl Bldg Corp (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$1,800,000 and \$1,610,000, respectively.

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

Note 10. Other Postemployment Benefits

The School Corporation provides postemployment early retirement benefits to eligible employees covered under the 1997-1998 Early Retirement Benefits Plan (prior plan for teachers hired before January 1, 1999). These benefits pose a liability to the School Corporation. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the School Corporation's Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 3,340,354	\$ 1,127,843	\$ 164,587	\$ 702,688	\$ 456,813	\$ 37,858	\$ 1,756,205	\$ 3,291,487	\$ 453,974
Receipts:									
Local sources	38,887	1,943,127	281,723	2,328,726	2,647,249	341,464	-	-	402,942
Intermediate sources	34	-	-	-	-	-	-	-	-
State sources	12,307,856	-	-	-	-	-	-	-	14,322
Federal sources	-	-	-	-	-	-	-	-	535,218
Other receipts	-	-	-	-	10,665	-	-	-	200
Total receipts	12,346,777	1,943,127	281,723	2,328,726	2,657,914	341,464	-	-	952,682
Disbursements:									
Instruction	8,047,294	-	-	-	-	-	-	132,461	-
Support services	3,816,768	-	-	1,291,347	1,908,665	48,187	-	95,479	1,057
Noninstructional services	372,500	-	-	-	-	-	-	1,000	989,253
Facilities acquisition and construction	29,476	-	-	706,579	-	-	744,890	-	-
Debt service	-	1,856,548	278,181	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,266,038	1,856,548	278,181	1,997,926	1,908,665	48,187	744,890	228,940	990,310
Excess (deficiency) of receipts over disbursements	80,739	86,579	3,542	330,800	749,249	293,277	(744,890)	(228,940)	(37,628)
Other financing sources (uses):									
Sale of capital assets	9,203	-	-	8,260	871	-	-	-	14,646
Transfers in	14,200,000	-	-	-	100,000	-	850,000	-	-
Transfers out	(14,249,500)	-	-	-	(780,000)	(170,000)	-	-	-
Total other financing sources (uses)	(40,297)	-	-	8,260	(679,129)	(170,000)	850,000	-	14,646
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	40,442	86,579	3,542	339,060	70,120	123,277	105,110	(228,940)	(22,982)
Cash and investments - ending	\$ 3,380,796	\$ 1,214,422	\$ 168,129	\$ 1,041,748	\$ 526,933	\$ 161,135	\$ 1,861,315	\$ 3,062,547	\$ 430,992

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

	Textbook Rental	Self- Insurance	Alternative Education	IN Early Literacy Intervention	SAFE School Haven	Early Intervention Grant	Comprehensive Counseling Grant Lilly 2017	Lilly Comprehensive Counseling Grant
Cash and investments - beginning	\$ 344,624	\$ 594,200	\$ (6,735)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	144,060	1,393,275	-	-	-	-	30,000	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	55,991	-	89,470	23,385	-	9,298	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	200,051	1,393,275	89,470	23,385	-	9,298	30,000	-
Disbursements:								
Instruction	-	-	94,480	23,385	-	9,298	-	-
Support services	224,672	-	-	-	-	-	20,049	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,268,446	-	-	-	-	-	-
Total disbursements	224,672	1,268,446	94,480	23,385	-	9,298	20,049	-
Excess (deficiency) of receipts over disbursements	(24,621)	124,829	(5,010)	-	-	-	9,951	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	49,500	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	49,500	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(24,621)	174,329	(5,010)	-	-	-	9,951	-
Cash and investments - ending	\$ 320,003	\$ 768,529	\$ (11,745)	\$ -	\$ -	\$ -	\$ 9,951	\$ -

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

	Gifts and Donations	Extra- Curricular Activities	Keyboards for Ipads	Recording Studio - 4th grade	Build a 3D Printer from Scratch	Reading Interest Books	Manufacturing Mass Production	Taking Care of my Brain
Cash and investments - beginning	\$ -	\$ 1,570	\$ -	\$ -	\$ -	\$ 79	\$ -	\$ -
Receipts:								
Local sources	-	3,605	2,000	1,000	1,000	-	1,099	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,605	2,000	1,000	1,000	-	1,099	-
Disbursements:								
Instruction	-	2,933	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	2,000	976	-	-	1,099	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	2,933	2,000	976	-	-	1,099	-
Excess (deficiency) of receipts over disbursements	-	672	-	24	1,000	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	672	-	24	1,000	-	-	-
Cash and investments - ending	\$ -	\$ 2,242	\$ -	\$ 24	\$ 1,000	\$ 79	\$ -	\$ -

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

	American Dairy Assoc Equipment Grant	Living to Serve - FFA Grant - 2017-2018	Movement for Better Focus	It's Alive! A Celebration of Frankenstein	Dollar General Youth Literacy	Schenck Health & Welfare Grant	Schenck Health & Welfare Grant 2017-2018	Early Learning Academy
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	3,425	-	-	-	3,295	8,239	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	3,425	-	-	-	3,295	8,239	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	3,295	8,239	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	3,295	8,239	-	-
Excess (deficiency) of receipts over disbursements	3,425	-	-	-	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,425	-	-	-	-	-	-	-
Cash and investments - ending	\$ 3,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Rebate Fund/ ASBO	Scholorships and Awards	Miscellaneous Programs	Formative Assessment	High Ability 2016-2017	High Ability 2017-2018	Secured Schools Safety Grant	Non-English Speaking Prog 2015
Cash and investments - beginning	\$ 22,100	\$ 3,366	\$ -	\$ -	\$ -	\$ -	\$ (86,025)	\$ 6,711
Receipts:								
Local sources	26,279	11,200	2,663	-	-	-	-	-
Intermediate sources	20,553	-	-	-	-	-	-	-
State sources	-	-	-	24,084	32,398	-	91,546	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	46,832	11,200	2,663	24,084	32,398	-	91,546	-
Disbursements:								
Instruction	-	-	7,650	-	31,273	-	-	-
Support services	40,917	-	2,663	22,817	-	-	5,521	5,740
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	971
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	4,300	-	-	-	-	-	-
Total disbursements	40,917	4,300	10,313	22,817	31,273	-	5,521	6,711
Excess (deficiency) of receipts over disbursements	5,915	6,900	(7,650)	1,267	1,125	-	86,025	(6,711)
Other financing sources (uses):								
Sale of capital assets	-	-	15,500	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	15,500	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,915	6,900	7,850	1,267	1,125	-	86,025	(6,711)
Cash and investments - ending	\$ 28,015	\$ 10,266	\$ 7,850	\$ 1,267	\$ 1,125	\$ -	\$ -	\$ -

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

	Non-English Speaking Prog (NESP) 2016-2017	Non-English Speaking Prog (NESP) 2017-2018	School Technology	Career and Technical Performance Grant	Title I - FY 2016-2017	Title I - FY 2017-2018	Title I - FY 2015-16	IDEA Part B 611 2016-2017
Cash and investments - beginning	\$ -	\$ -	\$ (1,277)	\$ -	\$ -	\$ -	\$ (15,525)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	8,020	-	13,258	3,088	-	-	-	-
Federal sources	-	-	-	5,622	171,403	-	57,714	453,538
Other receipts	-	-	-	-	-	-	-	-
Total receipts	8,020	-	13,258	8,710	171,403	-	57,714	453,538
Disbursements:								
Instruction	-	-	-	-	153,584	-	34,171	453,538
Support services	442	-	8,588	1,314	32,036	-	8,018	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	14	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	456	-	8,588	1,314	185,620	-	42,189	453,538
Excess (deficiency) of receipts over disbursements	7,564	-	4,670	7,396	(14,217)	-	15,525	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,564	-	4,670	7,396	(14,217)	-	15,525	-
Cash and investments - ending	\$ 7,564	\$ -	\$ 3,393	\$ 7,396	\$ (14,217)	\$ -	\$ -	\$ -

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

	IDEA Part B 611 2017-2018	IDEA Preschool 619 2016-2017	IDEA Preschool 619 2017-2018	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,845	\$ 9,667	\$ 12,218,409
Receipts:								
Local sources	-	-	-	-	-	-	-	9,615,258
Intermediate sources	-	-	-	-	-	-	-	20,587
State sources	-	-	-	-	-	-	-	12,672,716
Federal sources	-	14,208	-	55,710	-	-	-	1,293,413
Other receipts	-	-	-	-	-	405,447	5,055	421,367
Total receipts	-	14,208	-	55,710	-	405,447	5,055	24,023,341
Disbursements:								
Instruction	-	14,208	-	55,710	-	-	-	9,059,985
Support services	-	-	-	-	-	-	-	7,545,814
Noninstructional services	-	-	-	-	-	-	-	1,362,753
Facilities acquisition and construction	-	-	-	-	-	-	-	1,486,005
Debt service	-	-	-	-	-	-	-	2,134,729
Nonprogrammed charges	-	-	-	-	-	405,231	(40,500)	1,637,477
Total disbursements	-	14,208	-	55,710	-	405,231	(40,500)	23,226,763
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	216	45,555	796,578
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	48,480
Transfers in	-	-	-	-	-	-	-	15,199,500
Transfers out	-	-	-	-	-	-	-	(15,199,500)
Total other financing sources (uses)	-	-	-	-	-	-	-	48,480
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	216	45,555	845,058
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,061	\$ 55,222	\$ 13,063,467

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 3,380,796	\$ 1,214,422	\$ 168,129	\$ 1,041,748	\$ 526,933	\$ 161,135	\$ 1,861,315	\$ 3,062,547	\$ 430,992
Receipts:									
Local sources	89,617	1,805,460	286,026	2,431,679	2,850,760	381,969	-	-	392,334
Intermediate sources	36	-	-	-	-	-	-	-	-
State sources	12,207,082	-	-	-	-	-	-	-	13,608
Federal sources	-	-	-	-	-	-	-	-	527,771
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	12,296,735	1,805,460	286,026	2,431,679	2,850,760	381,969	-	-	933,713
Disbursements:									
Instruction	8,061,923	-	-	-	-	-	-	114,486	-
Support services	3,950,152	45,010	-	1,474,191	1,994,482	602,031	-	60,956	1,215
Noninstructional services	373,039	-	-	-	-	-	-	960	998,779
Facilities acquisition and construction	63,744	-	-	712,187	-	-	1,032,241	-	-
Debt service	-	1,716,060	277,386	-	-	-	-	1,675,418	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,448,858	1,761,070	277,386	2,186,378	1,994,482	602,031	1,032,241	1,851,820	999,994
Excess (deficiency) of receipts over disbursements	(152,123)	44,390	8,640	245,301	856,278	(220,062)	(1,032,241)	(1,851,820)	(66,281)
Other financing sources (uses):									
Sale of capital assets	5,172	-	-	7,905	13,245	1,200	-	-	12,823
Transfers in	13,200,000	-	-	-	-	170,000	1,000,000	-	-
Transfers out	(13,200,000)	-	-	(150,000)	(970,000)	(50,000)	-	-	-
Total other financing sources (uses)	5,172	-	-	(142,095)	(956,755)	121,200	1,000,000	-	12,823
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(146,951)	44,390	8,640	103,206	(100,477)	(98,862)	(32,241)	(1,851,820)	(53,458)
Cash and investments - ending	\$ 3,233,845	\$ 1,258,812	\$ 176,769	\$ 1,144,954	\$ 426,456	\$ 62,273	\$ 1,829,074	\$ 1,210,727	\$ 377,534

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2018

	Textbook Rental	Self- Insurance	Alternative Education	IN Early Literacy Intervention	SAFE School Haven	Early Intervention Grant	Comprehensive Counseling Grant Lilly 2017	Lilly Comprehensive Counseling Grant
Cash and investments - beginning	\$ 320,003	\$ 768,529	\$ (11,745)	\$ -	\$ -	\$ -	\$ 9,951	\$ -
Receipts:								
Local sources	138,246	1,567,294	-	-	-	-	-	187,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	101,592	-	175,336	-	20,850	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	239,838	1,567,294	175,336	-	20,850	-	-	187,000
Disbursements:								
Instruction	-	-	178,964	-	-	-	-	-
Support services	433,817	-	-	-	34,750	-	9,951	37,673
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,316,350	-	-	-	-	-	-
Total disbursements	433,817	1,316,350	178,964	-	34,750	-	9,951	37,673
Excess (deficiency) of receipts over disbursements	(193,979)	250,944	(3,628)	-	(13,900)	-	(9,951)	149,327
Other financing sources (uses):								
Sale of capital assets	22,323	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	22,323	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(171,656)	250,944	(3,628)	-	(13,900)	-	(9,951)	149,327
Cash and investments - ending	\$ 148,347	\$ 1,019,473	\$ (15,373)	\$ -	\$ (13,900)	\$ -	\$ -	\$ 149,327

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Gifts and Donations	Extra-Curricular Activities	Keyboards for Ipads	Recording Studio - 4th grade	Build a 3D Printer from Scratch	Reading Interest Books	Manufacturing Mass Production	Taking Care of my Brain
Cash and investments - beginning	\$ -	\$ 2,242	\$ -	\$ 24	\$ 1,000	\$ 79	\$ -	\$ -
Receipts:								
Local sources	2,882	3,774	-	-	-	-	-	1,000
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	2,882	3,774	-	-	-	-	-	1,000
Disbursements:								
Instruction	1,387	2,014	-	-	864	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	24	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	1,387	2,014	-	24	864	-	-	-
Excess (deficiency) of receipts over disbursements	1,495	1,760	-	(24)	(864)	-	-	1,000
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,495	1,760	-	(24)	(864)	-	-	1,000
Cash and investments - ending	\$ 1,495	\$ 4,002	\$ -	\$ -	\$ 136	\$ 79	\$ -	\$ 1,000

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

	American Dairy Assoc Equipment Grant	Living to Serve - FFA Grant - 2017-2018	Movement for Better Focus	It's Alive! A Celebration of Frankenstein	Dollar General Youth Literacy	Schenck Health & Welfare Grant	Schenck Health & Welfare Grant 2017-2018	Early Learning Academy
Cash and investments - beginning	\$ 3,425	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	3,000	1,000	1,000	-	-	12,525	21,309
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	3,000	1,000	1,000	-	-	12,525	21,309
Disbursements:								
Instruction	-	3,000	-	-	-	-	-	13,309
Support services	-	-	-	-	-	-	12,525	8,000
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	3,308	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	3,308	3,000	-	-	-	-	12,525	21,309
Excess (deficiency) of receipts over disbursements	(3,308)	-	1,000	1,000	-	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,308)	-	1,000	1,000	-	-	-	-
Cash and investments - ending	\$ 117	\$ -	\$ 1,000	\$ 1,000	\$ -	\$ -	\$ -	\$ -

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

	Rebate Fund/ ASBO	Scholarships and Awards	Miscellaneous Programs	Formative Assessment	High Ability 2016-2017	High Ability 2017-2018	Secured Schools Safety Grant	Non-English Speaking Prog 2015
Cash and investments - beginning	\$ 28,015	\$ 10,266	\$ 7,850	\$ 1,267	\$ 1,125	\$ -	\$ -	\$ -
Receipts:								
Local sources	15,309	8,600	9,411	-	-	-	-	-
Intermediate sources	10,899	-	-	-	-	-	-	-
State sources	-	-	-	18,363	-	32,249	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	26,208	8,600	9,411	18,363	-	32,249	-	-
Disbursements:								
Instruction	-	-	7,500	-	1,125	32,249	-	-
Support services	35,947	-	6,576	18,363	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	6,300	-	-	-	-	-	-
Total disbursements	35,947	6,300	14,076	18,363	1,125	32,249	-	-
Excess (deficiency) of receipts over disbursements	(9,739)	2,300	(4,665)	-	(1,125)	-	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,739)	2,300	(4,665)	-	(1,125)	-	-	-
Cash and investments - ending	\$ 18,276	\$ 12,566	\$ 3,185	\$ 1,267	\$ -	\$ -	\$ -	\$ -

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

	Non-English Speaking Prog (NESP) 2016-2017	Non-English Speaking Prog (NESP) 2017-2018	School Technology	Career and Technical Performance Grant	Title I - FY 2016-2017	Title I - FY 2017-2018	Title I - FY 2015-16	IDEA Part B 611 2016-2017
Cash and investments - beginning	\$ 7,564	\$ -	\$ 3,393	\$ 7,396	\$ (14,217)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	7,750	16,658	3,248	-	-	-	-
Federal sources	-	-	-	7,358	67,096	177,329	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	7,750	16,658	10,606	67,096	177,329	-	-
Disbursements:								
Instruction	-	-	-	3,020	43,013	191,991	-	-
Support services	7,564	192	12,938	7,750	9,866	30,435	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	6,547	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	7,564	192	12,938	17,317	52,879	222,426	-	-
Excess (deficiency) of receipts over disbursements	(7,564)	7,558	3,720	(6,711)	14,217	(45,097)	-	-
Other financing sources (uses):								
Sale of capital assets	-	-	5,809	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	5,809	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,564)	7,558	9,529	(6,711)	14,217	(45,097)	-	-
Cash and investments - ending	\$ -	\$ 7,558	\$ 12,922	\$ 685	\$ -	\$ (45,097)	\$ -	\$ -

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

	IDEA Part B 611 2017-2018	IDEA Preschool 619 2016-2017	IDEA Preschool 619 2017-2018	Title II, Part A 2014-2016	Title II, Part A 2015-2017	Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,061	\$ 55,222	\$ 13,063,467
Receipts:								
Local sources	-	-	-	-	-	-	-	10,210,195
Intermediate sources	-	-	-	-	-	-	-	10,935
State sources	-	-	-	-	-	-	-	12,596,736
Federal sources	453,460	-	14,010	-	56,039	-	-	1,303,063
Other receipts	-	-	-	-	-	390,674	2,004	392,678
Total receipts	453,460	-	14,010	-	56,039	390,674	2,004	24,513,607
Disbursements:								
Instruction	453,460	-	14,010	-	56,039	-	-	9,178,354
Support services	-	-	-	-	-	-	-	8,794,384
Noninstructional services	-	-	-	-	-	-	-	1,372,778
Facilities acquisition and construction	-	-	-	-	-	-	-	1,818,051
Debt service	-	-	-	-	-	-	-	3,668,864
Nonprogrammed charges	-	-	-	-	-	391,881	2,475	1,717,006
Total disbursements	453,460	-	14,010	-	56,039	391,881	2,475	26,549,437
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(1,207)	(471)	(2,035,830)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	68,477
Transfers in	-	-	-	-	-	-	-	14,370,000
Transfers out	-	-	-	-	-	-	-	(14,370,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	68,477
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(1,207)	(471)	(1,967,353)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 12,854	\$ 54,751	\$ 11,096,114

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 813,389</u>	<u>\$ 75,465</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
North Montgomery High Schl Bldg Corp	High School Renovation	\$ 1,610,000	1/15/2003	1/15/2020
Total of annual lease payments		<u>\$ 1,610,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	QSCB- Energy Savings	\$ 1,550,000	\$ 100,000
Totals		<u>\$ 1,550,000</u>	<u>\$ 100,000</u>

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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

	Ending Balance
Governmental activities:	
Land	\$ 1,050,000
Infrastructure	721,027
Buildings	40,563,000
Improvements other than buildings	1,246,121
Machinery, equipment, and vehicles	11,073,884
Books and other	<u>124,429</u>
Total governmental activities	<u>54,778,461</u>
Total capital assets	<u><u>\$ 54,778,461</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the North Montgomery Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

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

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance, which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2018-002. Our opinion on each major program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


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

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

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

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

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


Paul D. Joyce, CPA
State Examiner

February 7, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 2016 - 17	\$ -	\$ 126,819	\$ -	\$ -
School Breakfast Program			FY 2017 - 18	-	-	-	119,449
Total - School Breakfast Program				-	126,819	-	119,449
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
National School Lunch Program			FY 2016 - 17	-	408,399	-	-
Commodities			FY 2017 - 18	-	-	-	408,322
				-	84,008	-	85,535
Total - National School Lunch Program				-	492,407	-	493,857
Total - Child Nutrition Cluster				-	619,226	-	613,306
Total - Department of Agriculture				-	619,226	-	613,306
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States							
5217 IDEA Part B COOP 2016-17	Indiana Department of Education	84.027					
5218 IDEA Part B COOP 2017-18			14217-075-PN01	-	453,538	-	-
			14218-075-PN01	-	-	-	453,460
Total - Special Education Grants to States				-	453,538	-	453,460
Special Education Preschool Grants							
5417 IDEA Preschool COOP 2016-17	Indiana Department of Education	84.173					
5418 IDEA Preschool COOP 2017-18			45717-075-PN01	-	14,208	-	-
			45718-075-PN01	-	-	-	14,010
Total - Special Education Preschool Grants				-	14,208	-	14,010
Total - Special Education Cluster (IDEA)				-	467,746	-	467,470
Title I Grants to Local Educational Agencies							
4190 Title I 2015-16	Indiana Department of Education	84.010					
4171 Title I 2016-17			FY 2015 - 16	-	57,714	-	-
4181 Title I 2017-18			FY 2016 - 17	-	171,403	-	67,096
			FY 2017 - 18	-	-	-	177,329
Total - Title I Grants to Local Educational Agencies				-	229,117	-	244,425
Supporting Effective Instruction State Grants							
6847 FY 2014 Title II Part A	Indiana Department of Education	84.367					
6848 FY 2015 Title II Part A			14-5835	-	55,710	-	-
			15-5835	-	-	-	56,039
Total - Supporting Effective Instruction State Grants				-	55,710	-	56,039
Total - Department of Education				-	752,573	-	767,934
Total federal awards expended				\$ -	\$ 1,371,799	\$ -	\$ 1,381,240

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

Note 2. Summary of Significant Accounting Policies

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

NORTH MONTGOMERY COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit finding disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

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

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs: \$750,000	
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

No matters are reportable.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-001

Subject: Child Nutrition Cluster - Reporting
 Federal Agency: Department of Agriculture
 Federal Programs: School Breakfast Program, National School Lunch Program
 CFDA Numbers: 10.553, 10.555
 Federal Award Numbers and Years (or Other Identifying Numbers): FY 2016 - 17, FY 2017 - 18
 Pass-Through Entity: Indiana Department of Education
 Compliance Requirement: Reporting
 Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-003.

Condition

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

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

Context

The lack of controls was a systemic issue, which occurred until March 2018, when a control was implemented based on the finding during the prior audit.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

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

Views of Responsible Officials

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

FINDING 2018-002

Subject: Special Education Grants to States - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14217-075-PN01, 14218-075-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

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

The School Corporation presented Semi-Annual Certifications for the audit period as evidence of time and effort. In the periods selected for testing, 24 percent of the employees paid from Special Education funds were not included on the Semi-Annual Certifications.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.430(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

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

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated;
- (ii) Be incorporated into the official records of the non-Federal entity;
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS);
- (iv) Encompass both federally assisted and all other activities compensated by the non-Federal entity on an integrated basis, but may include the use of subsidiary records as defined in the non-Federal entity's written policy;
- (v) Comply with the established accounting policies and practices of the non-Federal entity (See paragraph (h)(1)(ii) above for treatment of incidental work for IHEs.); and
- (vi) [Reserved]
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

North Montgomery Community School Corporation

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: FY16
Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer
Contact Phone Number: (765) 359-2112

Status of Audit Finding: Corrective Action was completed by April 11, 2018.

FINDING 2016-002

Fiscal year in which the finding initially occurred: FY16
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer/Colleen Moran, Superintendent
Contact Phone Number: (765) 359-2112

Status of Audit Finding: Corrective Action was completed by April 11, 2018.

FINDING 2016-003

Fiscal year in which the finding initially occurred: FY16
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer/Karyn Elder, Director of Food Services:
Contact Phone Number: (765) 359-2112

Status of Audit Finding: : Corrective Action was completed by April 11, 2018.

Glenda Nice
(Signature)

Treasurer
(Title)

1/14/2019
(Date)

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

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BOARD OF SCHOOL TRUSTEES

Karin Odle, President | Gary Bohlander, Vice President | Teresa Hatke, Secretary | Jess Cain | Kathy Crawford | Gerald Hole | Michael Shepherd

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer
Contact Phone Number: 765-359-2112

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

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

Completion Date: April 12, 2018

FINDING 2018-002

Contact Person Responsible for Corrective Action: Glenda Nice, Treasurer
Contact Phone Number: 765-359-2112

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

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

Anticipated Completion Date: January 31, 2019

Glenda Nice

(Signature)

Treasurer

(Title)

1/28/2019

(Date)

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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/>.