

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY
POSEY 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	Carol A. Lupfer	01-01-16 to 12-31-19
Superintendent of Schools	Dr. Todd Camp	07-01-16 to 06-30-19
President of the School Board	Geoffrey A. Gentil Gregory U. Schmitt Geoffrey A. Gentil	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of North Posey County (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 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 13, 2019, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

February 13, 2019



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY 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 Metropolitan School District of North Posey County (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 13, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. 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 13, 2019

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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
General	\$ 1,837,592	\$ 9,274,683	\$ 9,296,901	\$ (253,888)	\$ 1,561,486	\$ 9,420,516	\$ 9,309,728	\$ (100,000)	\$ 1,572,274
Debt Service	483,364	997,973	1,065,530	-	415,807	953,316	960,675	-	408,448
Retirement/Severance Bond Debt Service	39,878	304,937	310,710	-	34,105	315,314	314,433	-	34,986
Capital Projects	861,369	1,768,398	1,849,896	(125,000)	654,871	1,756,172	1,730,249	(200,000)	480,794
School Transportation	618,131	1,043,126	774,584	(300,000)	586,673	1,103,434	843,664	(250,000)	596,443
School Bus Replacement	3,801	8,401	-	-	12,202	16,170	11,142	1,750	18,980
Rainy Day	1,054,202	-	536,947	425,000	942,255	-	531,354	450,000	860,901
Construction	102,378	-	91,217	-	11,161	-	3,375	-	7,786
School Lunch	321,880	607,230	600,480	-	328,630	626,338	649,861	-	305,107
Textbook Rental	11,766	170,736	149,867	104,188	136,823	142,767	175,812	-	103,778
Self-Insurance	76,839	1,400,996	1,159,782	150,000	468,053	1,533,978	1,591,539	100,000	510,492
Educational License Plates	2,793	150	-	-	2,943	131	-	-	3,074
SAFE School Haven	-	-	15,723	-	(15,723)	24,960	15,395	-	(6,158)
Early Intervention Grant	-	7,041	-	-	7,041	-	7,041	-	-
Early Literacy Intervention	-	19,800	19,800	-	-	-	-	-	-
Lilly Endowment Initiative	-	30,000	16,683	-	13,317	-	1,100	-	12,217
Instructional Support	880	-	878	-	2	-	-	-	2
PCCF-IPAD Project North Elementary 13/14	38	-	38	-	-	-	-	-	-
Dorcas Neidig Preschool Scholarship	2,885	-	-	-	2,885	-	-	-	2,885
Delbert E. Johnson Scholarship	158,468	-	2,017	-	156,451	-	2,018	-	154,433
Ropp Memorial Scholarship Fund	17,685	-	2,000	-	15,685	-	2,000	-	13,685
Amanda McKaig Martin Award	6,198	-	300	-	5,898	-	300	-	5,598
Heros Planning Grant	638	-	-	(638)	-	-	-	-	-
Heros Planning Grant 15/16	4,868	-	3,260	(1,608)	-	-	-	-	-
Heroes 16	-	15,065	13,750	2,246	3,561	-	1,866	-	1,695
Heroes 17	-	22,130	450	-	21,680	-	20,085	-	1,595
Formative Assessment	874	17,733	18,607	-	-	16,537	16,537	-	-
High Ability Grant 2016-17	-	30,603	30,603	-	-	-	-	-	-
High Ability Grant 2017-18	-	-	-	-	-	30,580	30,580	-	-
Medicaid Reimbursement	2,383	-	-	-	2,383	-	-	-	2,383
Secured Schools Safety Grant	-	-	11,219	-	(11,219)	26,271	15,052	-	-
School Technology	6,519	33,463	35,312	-	4,670	27,135	25,949	-	5,856
Career and Technical Performance Grant	-	4,080	-	-	4,080	12,122	-	-	16,202
Senator David Ford Technology	-	-	11,754	-	(11,754)	29,015	17,261	-	-
Title I	-	-	-	-	-	73,988	81,622	-	(7,634)
Title I FY 16	(15,214)	38,081	22,867	-	-	-	-	-	-
Title I FY 17	-	69,852	77,094	-	(7,242)	37,725	30,483	-	-
P.L. 108-440 Grant	(19,353)	43,528	24,175	-	-	154,654	179,663	-	(25,009)
Fed Special Ed	-	155,460	179,415	-	(23,955)	52,062	28,107	-	-
Special Education Preschool FY 16	(17)	50	33	-	-	24,390	24,390	-	-
Special Education Preschool	-	24,350	24,350	-	-	-	-	-	-
STARS Program	298	-	298	-	-	-	-	-	-
Medicaid Reimbursement - Federal	8,246	10,060	-	-	18,306	11,681	-	-	29,987
Improving Teacher Quality FY 16	-	18,569	23,495	-	(4,926)	33,427	28,501	-	-
Improving Teacher Quality FY 15	(4,061)	29,150	25,089	-	-	-	-	-	-
Improving Teacher Quality FY 17	-	-	-	-	-	11,105	15,297	-	(4,192)
Heroes Grant NPJHS 2017-2018	-	-	-	-	-	24,565	13,857	-	10,708
Heroes Initiative N.Elem 2017-2018	-	-	-	-	-	15,815	12,890	-	2,925
Duke Grant Summer Reading Program 2018	-	-	-	-	-	25,000	704	-	24,296
Agency Funds	27,628	2,891,196	2,911,923	-	6,901	2,727,533	2,706,269	-	28,165
Totals	\$ 5,612,956	\$ 19,036,841	\$ 19,307,047	\$ 300	\$ 5,343,050	\$ 19,226,701	\$ 19,398,799	\$ 1,750	\$ 5,172,702

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

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

Note 8. Holding Corporation

The School Corporation has entered into capital leases with the MSD of North Posey Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the fiscal years 2017 and 2018 totaled \$1,062,500 and \$954,000, respectively.

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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 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	Construction
Cash and investments - beginning	\$ 1,837,592	\$ 483,364	\$ 39,878	\$ 861,369	\$ 618,131	\$ 3,801	\$ 1,054,202	\$ 102,378
Receipts:								
Local sources	144,764	997,973	304,937	1,749,487	1,043,126	8,401	-	-
Intermediate sources	2,534	-	-	-	-	-	-	-
State sources	9,123,986	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	3,399	-	-	18,911	-	-	-	-
Total receipts	9,274,683	997,973	304,937	1,768,398	1,043,126	8,401	-	-
Disbursements:								
Instruction	5,991,411	-	-	-	-	-	-	-
Support services	3,127,969	-	-	757,987	774,584	-	131,554	-
Noninstructional services	177,521	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,091,909	-	-	405,393	91,217
Debt service	-	1,065,530	310,710	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,296,901	1,065,530	310,710	1,849,896	774,584	-	536,947	91,217
Excess (deficiency) of receipts over disbursements	(22,218)	(67,557)	(5,773)	(81,498)	268,542	8,401	(536,947)	(91,217)
Other financing sources (uses):								
Sale of capital assets	300	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	425,000	-
Transfers out	(254,188)	-	-	(125,000)	(300,000)	-	-	-
Total other financing sources (uses)	(253,888)	-	-	(125,000)	(300,000)	-	425,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(276,106)	(67,557)	(5,773)	(206,498)	(31,458)	8,401	(111,947)	(91,217)
Cash and investments - ending	\$ 1,561,486	\$ 415,807	\$ 34,105	\$ 654,871	\$ 586,673	\$ 12,202	\$ 942,255	\$ 11,161

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

	School Lunch	Textbook Rental	Self- Insurance	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Literacy Intervention	Lilly Endowment Initiative
Cash and investments - beginning	\$ 321,880	\$ 11,766	\$ 76,839	\$ 2,793	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	350,869	95,717	1,400,996	-	-	-	-	30,000
Intermediate sources	-	-	-	150	-	-	-	-
State sources	10,156	75,019	-	-	-	7,041	19,800	-
Federal sources	246,205	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>607,230</u>	<u>170,736</u>	<u>1,400,996</u>	<u>150</u>	<u>-</u>	<u>7,041</u>	<u>19,800</u>	<u>30,000</u>
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	713	149,867	9,880	-	15,723	-	19,800	16,683
Noninstructional services	599,767	-	7,209	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,142,693	-	-	-	-	-
Total disbursements	<u>600,480</u>	<u>149,867</u>	<u>1,159,782</u>	<u>-</u>	<u>15,723</u>	<u>-</u>	<u>19,800</u>	<u>16,683</u>
Excess (deficiency) of receipts over disbursements	<u>6,750</u>	<u>20,869</u>	<u>241,214</u>	<u>150</u>	<u>(15,723)</u>	<u>7,041</u>	<u>-</u>	<u>13,317</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	104,188	150,000	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>104,188</u>	<u>150,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,750</u>	<u>125,057</u>	<u>391,214</u>	<u>150</u>	<u>(15,723)</u>	<u>7,041</u>	<u>-</u>	<u>13,317</u>
Cash and investments - ending	<u>\$ 328,630</u>	<u>\$ 136,823</u>	<u>\$ 468,053</u>	<u>\$ 2,943</u>	<u>\$ (15,723)</u>	<u>\$ 7,041</u>	<u>\$ -</u>	<u>\$ 13,317</u>

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

	Instructional Support	PCCIF- IPAD Project North Elementary 13/14	Dorcas Neidig Preschool Scholarship	Delbert E Johnson Scholarship	Ropp Memorial Scholarship Fund	Amanda McKaig Martin Award	Heros Planning Grant
Cash and investments - beginning	\$ 880	\$ 38	\$ 2,885	\$ 158,468	\$ 17,685	\$ 6,198	\$ 638
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Instruction	878	38	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,017	2,000	300	-
Total disbursements	878	38	-	2,017	2,000	300	-
Excess (deficiency) of receipts over disbursements	(878)	(38)	-	(2,017)	(2,000)	(300)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(638)
Total other financing sources (uses)	-	-	-	-	-	-	(638)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(878)	(38)	-	(2,017)	(2,000)	(300)	(638)
Cash and investments - ending	\$ 2	\$ -	\$ 2,885	\$ 156,451	\$ 15,685	\$ 5,898	\$ -

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

	Heros Planning Grant 15/16	Heroes 16	Heroes 17	Formative Assessment	High Ability Grant 2016-17	High Ability Grant 2017-18	Medicaid Reimbursement
Cash and investments - beginning	\$ 4,868	\$ -	\$ -	\$ 874	\$ -	\$ -	\$ 2,383
Receipts:							
Local sources	-	15,065	-	-	-	-	-
Intermediate sources	-	-	22,130	-	-	-	-
State sources	-	-	-	17,733	30,603	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	15,065	22,130	17,733	30,603	-	-
Disbursements:							
Instruction	-	2,950	450	-	30,603	-	-
Support services	-	-	-	18,607	-	-	-
Noninstructional services	3,260	10,800	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	3,260	13,750	450	18,607	30,603	-	-
Excess (deficiency) of receipts over disbursements	(3,260)	1,315	21,680	(874)	-	-	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	2,246	-	-	-	-	-
Transfers out	(1,608)	-	-	-	-	-	-
Total other financing sources (uses)	(1,608)	2,246	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,868)	3,561	21,680	(874)	-	-	-
Cash and investments - ending	\$ -	\$ 3,561	\$ 21,680	\$ -	\$ -	\$ -	\$ 2,383

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

	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Title I	Title I FY 16	Title I FY 17
Cash and investments - beginning	\$ -	\$ 6,519	\$ -	\$ -	\$ -	\$ (15,214)	\$ -
Receipts:							
Local sources	-	10,888	-	-	-	-	-
Intermediate sources	-	11,947	-	-	-	-	-
State sources	-	10,628	4,080	-	-	-	-
Federal sources	-	-	-	-	-	38,081	69,852
Other receipts	-	-	-	-	-	-	-
Total receipts	-	33,463	4,080	-	-	38,081	69,852
Disbursements:							
Instruction	-	-	-	-	-	21,127	77,094
Support services	11,219	35,312	-	11,754	-	1,740	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	11,219	35,312	-	11,754	-	22,867	77,094
Excess (deficiency) of receipts over disbursements	(11,219)	(1,849)	4,080	(11,754)	-	15,214	(7,242)
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	(11,219)	(1,849)	4,080	(11,754)	-	15,214	(7,242)
Cash and investments - ending	\$ (11,219)	\$ 4,670	\$ 4,080	\$ (11,754)	\$ -	\$ -	\$ (7,242)

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

	P.L. 108-440 Grant	Fed Special Ed	Special Education Preschool FY 16	Special Education Preschool	STARS Program	Medicaid Reimbursement - Federal	Improving Teacher Quality FY 16
Cash and investments - beginning	\$ (19,353)	\$ -	\$ (17)	\$ -	\$ 298	\$ 8,246	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	43,528	155,460	50	24,350	-	10,060	18,569
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>43,528</u>	<u>155,460</u>	<u>50</u>	<u>24,350</u>	<u>-</u>	<u>10,060</u>	<u>18,569</u>
Disbursements:							
Instruction	24,175	176,415	-	-	298	-	22,695
Support services	-	3,000	33	24,350	-	-	-
Noninstructional services	-	-	-	-	-	-	800
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>24,175</u>	<u>179,415</u>	<u>33</u>	<u>24,350</u>	<u>298</u>	<u>-</u>	<u>23,495</u>
Excess (deficiency) of receipts over disbursements	<u>19,353</u>	<u>(23,955)</u>	<u>17</u>	<u>-</u>	<u>(298)</u>	<u>10,060</u>	<u>(4,926)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>19,353</u>	<u>(23,955)</u>	<u>17</u>	<u>-</u>	<u>(298)</u>	<u>10,060</u>	<u>(4,926)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (23,955)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 18,306</u>	<u>\$ (4,926)</u>

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

	Improving Teacher Quality FY 15	Improving Teacher Quality FY 17	Heroes Grant NPJHS 2017-2018	Heroes Initiative N.Elem 2017-2018	Duke Grant Summer Reading Program 2018	Agency Funds	Totals
Cash and investments - beginning	\$ (4,061)	\$ -	\$ -	\$ -	\$ -	\$ 27,628	\$ 5,612,956
Receipts:							
Local sources	-	-	-	-	-	-	6,152,223
Intermediate sources	-	-	-	-	-	-	36,761
State sources	-	-	-	-	-	-	9,299,046
Federal sources	29,150	-	-	-	-	-	635,305
Other receipts	-	-	-	-	-	2,891,196	2,913,506
Total receipts	29,150	-	-	-	-	2,891,196	19,036,841
Disbursements:							
Instruction	25,089	-	-	-	-	-	6,373,223
Support services	-	-	-	-	-	-	5,110,775
Noninstructional services	-	-	-	-	-	-	799,357
Facilities acquisition and construction	-	-	-	-	-	-	1,588,519
Debt service	-	-	-	-	-	-	1,376,240
Nonprogrammed charges	-	-	-	-	-	2,911,923	4,058,933
Total disbursements	25,089	-	-	-	-	2,911,923	19,307,047
Excess (deficiency) of receipts over disbursements	4,061	-	-	-	-	(20,727)	(270,206)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	300
Transfers in	-	-	-	-	-	-	681,434
Transfers out	-	-	-	-	-	-	(681,434)
Total other financing sources (uses)	-	-	-	-	-	-	300
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,061	-	-	-	-	(20,727)	(269,906)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,901	\$ 5,343,050

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 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	Construction
Cash and investments - beginning	\$ 1,561,486	\$ 415,807	\$ 34,105	\$ 654,871	\$ 586,673	\$ 12,202	\$ 942,255	\$ 11,161
Receipts:								
Local sources	198,578	953,316	315,314	1,756,172	1,103,434	16,170	-	-
Intermediate sources	659	-	-	-	-	-	-	-
State sources	9,221,279	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	9,420,516	953,316	315,314	1,756,172	1,103,434	16,170	-	-
Disbursements:								
Instruction	5,926,708	-	-	-	-	-	-	-
Support services	3,183,462	-	-	756,054	843,664	11,142	121,381	-
Noninstructional services	199,558	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	819,865	-	-	359,973	3,375
Debt service	-	960,675	314,433	154,330	-	-	50,000	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	9,309,728	960,675	314,433	1,730,249	843,664	11,142	531,354	3,375
Excess (deficiency) of receipts over disbursements	110,788	(7,359)	881	25,923	259,770	5,028	(531,354)	(3,375)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	1,750	-	-
Transfers in	-	-	-	-	-	-	450,000	-
Transfers out	(100,000)	-	-	(200,000)	(250,000)	-	-	-
Total other financing sources (uses)	(100,000)	-	-	(200,000)	(250,000)	1,750	450,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,788	(7,359)	881	(174,077)	9,770	6,778	(81,354)	(3,375)
Cash and investments - ending	\$ 1,572,274	\$ 408,448	\$ 34,986	\$ 480,794	\$ 596,443	\$ 18,980	\$ 860,901	\$ 7,786

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

	School Lunch	Textbook Rental	Self-Insurance	Educational License Plates	SAFE School Haven	Early Intervention Grant	Early Literacy Intervention	Lilly Endowment Initiative
Cash and investments - beginning	\$ 328,630	\$ 136,823	\$ 468,053	\$ 2,943	\$ (15,723)	\$ 7,041	\$ -	\$ 13,317
Receipts:								
Local sources	327,505	99,341	1,533,978	-	-	-	-	-
Intermediate sources	-	-	-	131	-	-	-	-
State sources	10,185	43,426	-	-	24,960	-	-	-
Federal sources	288,648	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	<u>626,338</u>	<u>142,767</u>	<u>1,533,978</u>	<u>131</u>	<u>24,960</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	6,006	175,812	10,233	-	15,395	7,041	-	1,100
Noninstructional services	643,855	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,581,306	-	-	-	-	-
Total disbursements	<u>649,861</u>	<u>175,812</u>	<u>1,591,539</u>	<u>-</u>	<u>15,395</u>	<u>7,041</u>	<u>-</u>	<u>1,100</u>
Excess (deficiency) of receipts over disbursements	<u>(23,523)</u>	<u>(33,045)</u>	<u>(57,561)</u>	<u>131</u>	<u>9,565</u>	<u>(7,041)</u>	<u>-</u>	<u>(1,100)</u>
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	300,000	-	-	-	-	-
Transfers out	-	-	(200,000)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(23,523)</u>	<u>(33,045)</u>	<u>42,439</u>	<u>131</u>	<u>9,565</u>	<u>(7,041)</u>	<u>-</u>	<u>(1,100)</u>
Cash and investments - ending	<u>\$ 305,107</u>	<u>\$ 103,778</u>	<u>\$ 510,492</u>	<u>\$ 3,074</u>	<u>\$ (6,158)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,217</u>

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

	Instructional Support	PCCIF- IPAD Project North Elementary 13/14	Dorcas Neidig Preschool Scholarship	Delbert E Johnson Scholarship	Ropp Memorial Scholarship Fund	Amanda McKaig Martin Award	Heros Planning Grant
Cash and investments - beginning	\$ 2	\$ -	\$ 2,885	\$ 156,451	\$ 15,685	\$ 5,898	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,018	2,000	300	-
Total disbursements	-	-	-	2,018	2,000	300	-
Excess (deficiency) of receipts over disbursements	-	-	-	(2,018)	(2,000)	(300)	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(2,018)	(2,000)	(300)	-
Cash and investments - ending	\$ 2	\$ -	\$ 2,885	\$ 154,433	\$ 13,685	\$ 5,598	\$ -

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

	Heros Planning Grant 15/16	Heroes 16	Heroes 17	Formative Assessment	High Ability Grant 2016-17	High Ability Grant 2017-18	Medicaid Reimbursement
Cash and investments - beginning	\$ -	\$ 3,561	\$ 21,680	\$ -	\$ -	\$ -	\$ 2,383
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	16,537	-	30,580	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	16,537	-	30,580	-
Disbursements:							
Instruction	-	-	6,740	-	-	30,580	-
Support services	-	-	13,345	16,537	-	-	-
Noninstructional services	-	1,866	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	1,866	20,085	16,537	-	30,580	-
Excess (deficiency) of receipts over disbursements	-	(1,866)	(20,085)	-	-	-	-
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	-	(1,866)	(20,085)	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,695	\$ 1,595	\$ -	\$ -	\$ -	\$ 2,383

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

	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	Senator David Ford Technology	Title I	Title I FY 16	Title I FY 17
Cash and investments - beginning	\$ (11,219)	\$ 4,670	\$ 4,080	\$ (11,754)	\$ -	\$ -	\$ (7,242)
Receipts:							
Local sources	-	10,465	-	-	-	-	-
Intermediate sources	-	2,420	-	-	-	-	-
State sources	26,271	14,250	12,122	29,015	-	-	-
Federal sources	-	-	-	-	73,988	-	37,725
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>26,271</u>	<u>27,135</u>	<u>12,122</u>	<u>29,015</u>	<u>73,988</u>	<u>-</u>	<u>37,725</u>
Disbursements:							
Instruction	-	-	-	-	80,631	-	30,483
Support services	15,052	25,949	-	17,261	991	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>15,052</u>	<u>25,949</u>	<u>-</u>	<u>17,261</u>	<u>81,622</u>	<u>-</u>	<u>30,483</u>
Excess (deficiency) of receipts over disbursements	<u>11,219</u>	<u>1,186</u>	<u>12,122</u>	<u>11,754</u>	<u>(7,634)</u>	<u>-</u>	<u>7,242</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>11,219</u>	<u>1,186</u>	<u>12,122</u>	<u>11,754</u>	<u>(7,634)</u>	<u>-</u>	<u>7,242</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 5,856</u>	<u>\$ 16,202</u>	<u>\$ -</u>	<u>\$ (7,634)</u>	<u>\$ -</u>	<u>\$ -</u>

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

	P.L. 108-440 Grant	Fed Special Ed	Special Education Preschool FY 16	Special Education Preschool	STARS Program	Medicaid Reimbursement - Federal	Improving Teacher Quality FY 16
Cash and investments - beginning	\$ -	\$ (23,955)	\$ -	\$ -	\$ -	\$ 18,306	\$ (4,926)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	154,654	52,062	24,390	-	-	11,681	33,427
Other receipts	-	-	-	-	-	-	-
Total receipts	154,654	52,062	24,390	-	-	11,681	33,427
Disbursements:							
Instruction	179,663	28,107	-	-	-	-	28,501
Support services	-	-	24,390	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	179,663	28,107	24,390	-	-	-	28,501
Excess (deficiency) of receipts over disbursements	(25,009)	23,955	-	-	-	11,681	4,926
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	(25,009)	23,955	-	-	-	11,681	4,926
Cash and investments - ending	\$ (25,009)	\$ -	\$ -	\$ -	\$ -	\$ 29,987	\$ -

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

	Improving Teacher Quality FY 15	Improving Teacher Quality FY 17	Heroes Grant NPJHS 2018	Heroes Initiative N.Elem 2017-2018	Duke Grant Summer Reading Program 2018	Agency Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,901	\$ 5,343,050
Receipts:							
Local sources	-	-	-	-	-	-	6,314,273
Intermediate sources	-	-	-	-	-	-	3,210
State sources	-	-	-	-	-	-	9,428,625
Federal sources	-	11,105	-	-	-	-	687,680
Other receipts	-	-	24,565	15,815	25,000	2,727,533	2,792,913
Total receipts	-	11,105	24,565	15,815	25,000	2,727,533	19,226,701
Disbursements:							
Instruction	-	14,672	-	-	-	-	6,326,085
Support services	-	-	-	-	-	-	5,244,815
Noninstructional services	-	625	-	-	-	-	845,904
Facilities acquisition and construction	-	-	-	-	-	-	1,183,213
Debt service	-	-	-	-	-	-	1,479,438
Nonprogrammed charges	-	-	13,857	12,890	704	2,706,269	4,319,344
Total disbursements	-	15,297	13,857	12,890	704	2,706,269	19,398,799
Excess (deficiency) of receipts over disbursements	-	(4,192)	10,708	2,925	24,296	21,264	(172,098)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	1,750
Transfers in	-	-	-	-	-	-	750,000
Transfers out	-	-	-	-	-	-	(750,000)
Total other financing sources (uses)	-	-	-	-	-	-	1,750
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,192)	10,708	2,925	24,296	21,264	(170,348)
Cash and investments - ending	\$ -	\$ (4,192)	\$ 10,708	\$ 2,925	\$ 24,296	\$ 28,165	\$ 5,172,702

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 SCHEDULE OF LEASES AND DEBT
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
De Lage Landen Public Finance LLC	Meraki Project	\$ 79,717	12/7/2017	8/7/2020
Hewlett-Packard Financial Services Company	Lease Equipment - 1450 Chromebooks - 150 HP Chromebook 11 G6 EE - 1500 GoGuardian Admin Teacher Bundle	143,696	4/19/2018	7/31/2022
MSD of North Posey Multi-School Building Corporation	Refunding of NPHS 2002 Bldg Remodel Project (2010)	494,500	12/31/2010	12/31/2024
MSD of North Posey Multi-School Building Corporation	\$6 000 000 Ad Valorem Property Tax First Mortgage Bonds Series 2015	<u>455,000</u>	5/28/2015	12/31/2033
Total governmental activities		<u>1,172,913</u>		
Total of annual lease payments		<u>\$ 1,172,913</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Amended Pension Bonds of 2004	\$ 441,880	\$ 316,750
Notes and loans payable	Guaranteed Energy Savings Contract	662,130	154,330
Notes and loans payable	Guaranteed Energy Savings Contract	<u>655,513</u>	<u>154,330</u>
Total governmental activities		<u>1,759,523</u>	<u>625,410</u>
Totals		<u>\$ 1,759,523</u>	<u>\$ 625,410</u>

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 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.

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 22,001
Infrastructure	276,976
Buildings	14,455,078
Machinery, equipment, and vehicles	<u>3,906,453</u>
Total governmental activities	<u>18,660,508</u>
Total capital assets	<u>\$ 18,660,508</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 METROPOLITAN SCHOOL DISTRICT
OF NORTH POSEY COUNTY, POSEY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of North Posey County'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)

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 item 2018-001, that we consider to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

February 13, 2019

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
 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 16/17	\$ -	\$ 36,338	\$ -	\$ -
School Breakfast Program			FY 17/18	-	-	-	43,575
Total - School Breakfast Program				-	36,338	-	43,575
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 16/17	-	209,867	-	-
School Lunch Program			FY 17/18	-	-	-	245,073
Commodities			FY 16/17	-	59,251	-	-
Commodities			FY 17/18	-	-	-	53,639
Total - National School Lunch Program				-	269,118	-	298,712
Total - Child Nutrition Cluster				-	305,456	-	342,287
Total - Department of Agriculture				-	305,456	-	342,287
Department of Education							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY2015 Federal Part B 611			14215-085-PN01	-	11,521	-	-
FY2016 Federal Part B 611			14216-078-PN01	-	158,032	-	30,802
FY2017 Federal Part B 611			14217-078-PN01	-	177,146	-	188,815
FY2018 Federal Part B 611			18611-078-PN01	-	-	-	171,368
Total - Special Education Grants to States				-	346,699	-	390,985
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY2016 Federal Preschool Part B 619			45716-078-PN01	-	157	-	79
FY2017 Federal Preschool Part B 619			45717-078-PN01	-	24,253	-	1,000
FY2018 Federal Preschool Part B 619			18619-078-PN01	-	-	-	22,738
Total - Special Education Preschool Grants				-	24,410	-	23,817
Total - Special Education Cluster (IDEA)				-	371,109	-	414,802

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I - FY 2016			S010A150014	-	38,081	-	-
Title I - FY 2017			S010A160014	-	69,852	-	37,725
Title I - FY 2018			S010A170014	-	-	-	73,988
Total - Title I Grants to Local Educational Agencies				-	107,933	-	111,713
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA-FFY2015			S367A150015	-	29,150	-	-
Title IIA-FFY2016			S367A160013	-	18,569	-	33,427
Title IIA-FFY 2017			S367A170013	-	-	-	11,105
Total - Supporting Effective Instruction State Grants				-	47,719	-	44,532
Total - Department of Education				-	526,761	-	571,047
<u>Department of Health and Human Services</u>							
Medicaid Cluster							
Medical Assistance Program IndianaMAC	Indiana Department of Education	93.778	EDS #A58-1-11DL-045	-	10,060	-	11,681
Total - Medicaid Cluster				-	10,060	-	11,681
Block Grants for Prevention and Treatment of Substance Abuse STARS Program	Youth Service Bureau Incorporated	93.959	71309-01	-	298	-	-
Total - Department of Health and Human Services				-	10,358	-	11,681
Total federal awards expended				\$ -	\$ 842,575	\$ -	\$ 925,015

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

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
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 weakness 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, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

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 16/17, FY 17/18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Repeat Finding

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

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 and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Reporting

The Monthly Sponsor Claims were prepared and submitted by one individual, without a documented oversight, review, or approval process.

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

The verification of free and reduced price applications were completed by one individual, without a documented oversight, review, or approval process to ensure the accuracy.

Context

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that provided proper oversight, reviews, and approvals over the compliance requirements listed above.

Effect

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

Questioned Costs

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF NORTH POSEY COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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

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Asst. Superintendent of Curriculum

Carol A. Lupfer
Financial Officer

Jayne L. Bender
Deputy Treasurer

Amy D. Motz
Human Resource Officer

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: **FY 14/15**
Pass-Through Entity: **Indiana Department of Education**
Contact Person Responsible for Corrective Action: **Dr. Todd Camp**
Contact Phone Number: **812-874-2243**

Status of Audit Finding:

The cash balance in the School Lunch fund still exceeds the amount of the three month average of expenditures even though implementation of corrective actions has begun. The Hot Lunch program will continue to expand offerings and improve the quality of products and commodities in the plate lunch. Hours have been expanded for some of the staff and an increased health insurance benefit became effective with the 2019 open enrollment. A new oven for North Elementary and additional equipment and supplies for all buildings will also be purchased. We have been working with Indiana Department of Education to develop a plan to reduce our cash balance to an acceptable level.

FINDING 2016-002

Fiscal year in which the finding initially occurred: **FY 14/15**
Pass-Through Entity: **Indiana Department of Education**
Contact Person Responsible for Corrective Action: **Dr. Todd Camp**
Contact Phone Number: **812-874-2243**

Status of Audit Finding:

Procedures for verification of documentation were created and implemented with the 2017-2018 school year. The segregation of duties along with two authorized initials/signatures should be documented on all reports. Additional procedures/verifications will be implemented as this finding has not been resolved.

Todd Camp
(Signature)

Superintendent
(Title)

1/31/19
(Date)

Board of Education
Geoffrey A. Gentil
Gregory U. Schmitt
Amy J. Will
Vincent F. Oakley
Brett A. Stock

Board Attorney
William H. Bender

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CORRECTIVE ACTION PLAN

FINDING 2018-001

Contact Person Responsible for Corrective Action: **Dr. Todd Camp, Superintendent**
Contact Phone Number: **812-874-2243**

Views of Responsible Official: We concur with the finding that there were ineffective internal controls with the Reporting and Special Tests and Provision – Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Description of Corrective Action Plan: Procedures for Free and Reduced Price Applications will include additional steps to verify their accuracy. The Director will review and enter the applications into the student data system and/or point of service system. The ECA treasurer will verify the data entry of the director by a signature/initials on the application. There will be a designated administrator to verify more than the state required minimum applications. Upon receipt of direct verification documents, the administrator and director will review for qualification. The administrator and director will each sign the notice of verification. A copy of the notice of verification to applicant will be retained for the internal controls / audit process.

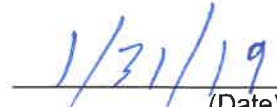
Anticipated Completion Date: These procedures will be effective with the 2018/2019 school year.



(Signature)



(Title)



(Date)

OTHER REPORTS

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