

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

AUDIT REPORT
OF
MONROE-GREGG SCHOOL DISTRICT
MORGAN COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED

07/31/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-06 to 05-02-08
	Vacant	05-03-08 to 05-11-08
	Melisa Bundy	05-12-08 to 06-30-09
Superintendent of Schools	Joseph Wolfe	07-01-06 to 06-30-09
President of the School Board	Jack Elliott	07-01-06 to 06-30-08
	Nancy Dorsett	07-01-08 to 06-30-09



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE MONROE-GREGG SCHOOL DISTRICT, MORGAN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe-Gregg School District (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the pre-scribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 9, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Long-Term Debt has not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on it.

STATE BOARD OF ACCOUNTS

June 9, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

TO: THE OFFICIALS OF THE MONROE-GREGG SCHOOL DISTRICT, MORGAN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe-Gregg School District (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated June 9, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School Corporation's financial statements are 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.

We noted certain matters that we reported to management in a separate letter dated June 9, 2009.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 9, 2009

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 5,551,148	\$ -	\$ 48,682	\$ (5,502,466)
Support services	7,348,711	414,433	132,857	(6,801,421)
Community services	86,735	-	-	(86,735)
Nonprogrammed charges	174,863	-	-	(174,863)
Debt service	3,251,157	-	-	(3,251,157)
Total government	<u>\$ 16,412,614</u>	<u>\$ 414,433</u>	<u>\$ 181,539</u>	<u>(15,816,642)</u>
General receipts:				
Property taxes				2,781,849
Other local sources				907,340
State aid				5,059,783
Bonds and loans				2,619,666
Grants and contributions not restricted to specific programs				403,055
Sale of property, adjustments, and refunds				57,830
Investment earnings				94,535
Interfund loans				-
Transfers				-
Special items: ___				-
Total general receipts, interfund loans, transfers, and special items				<u>11,924,058</u>
Change in net assets				(3,892,584)
Net assets - beginning				<u>5,243,443</u>
Net assets - ending				<u>\$ 1,350,859</u>
<u>Assets</u>				
Cash and investments				\$ 1,333,321
Cash with fiscal agent				-
Restricted assets:				
Cash and investments				17,538
Cash with fiscal agent				-
Total assets				<u>\$ 1,350,859</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 17,538
Other purposes				-
Unrestricted				<u>1,333,321</u>
Total net assets				<u>\$ 1,350,859</u>

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 6,031,112	\$ -	\$ 155,364	\$ (5,875,748)
Support services	5,529,085	645,935	172,082	(4,711,068)
Community services	140,529	-	-	(140,529)
Nonprogrammed charges	174,932	-	-	(174,932)
Debt service	4,800,008	-	-	(4,800,008)
Total government	<u>\$ 16,675,666</u>	<u>\$ 645,935</u>	<u>\$ 327,446</u>	<u>(15,702,285)</u>
General receipts:				
Property taxes				5,987,586
Other local sources				1,382,648
State aid				5,083,587
Bonds and loans				4,150,080
Grants and contributions not restricted to specific programs				532,054
Sale of property, adjustments, and refunds				114,903
Investment earnings				90,545
Interfund loans				-
Transfers				-
Special items: ___				-
Total general receipts, interfund loans, transfers, and special items				<u>17,341,403</u>
Change in net assets				1,639,118
Net assets - beginning				<u>1,350,859</u>
Net assets - ending				<u>\$ 2,989,977</u>
<u>Assets</u>				
Cash and investments				\$ 2,885,431
Cash with fiscal agent				-
Restricted assets:				
Cash and investments				104,546
Cash with fiscal agent				-
Total assets				<u>\$ 2,989,977</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 104,546
Other purposes				-
Unrestricted				<u>2,885,431</u>
Total net assets				<u>\$ 2,989,977</u>

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Bond Construction	Other	Totals
Receipts:								
Local sources	\$ 1,638,557	\$ 325,261	\$ 974,089	\$ 519,972	\$ 161,629	\$ 13,400	\$ 564,895	\$ 4,197,803
Intermediate sources	103	250	-	-	-	-	-	353
State sources	5,096,015	-	-	-	-	-	79,227	5,175,242
Federal sources	-	-	-	-	-	-	469,136	469,136
Bonds and loans	1,308,455	193,033	685,919	359,708	34,807	-	37,744	2,619,666
Sale of property, adjustments and refunds	-	-	-	-	-	-	57,830	57,830
Interfund loans	-	-	-	-	-	-	-	-
Total receipts	8,043,130	518,544	1,660,008	879,680	196,436	13,400	1,208,832	12,520,030
Disbursements:								
Current:								
Instruction	5,103,428	3,065	-	-	-	-	444,656	5,551,149
Support services	2,246,416	669,963	-	1,009,416	369,036	1,899,219	1,154,661	7,348,711
Community services	86,251	-	-	-	-	-	484	86,735
Nonprogrammed charges	174,862	-	-	-	-	-	-	174,862
Debt services	644,343	157,982	2,044,967	320,268	-	45,853	37,744	3,251,157
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	8,255,300	831,010	2,044,967	1,329,684	369,036	1,945,072	1,637,545	16,412,614
Excess (deficiency) of receipts over disbursements	(212,170)	(312,466)	(384,959)	(450,004)	(172,600)	(1,931,672)	(428,713)	(3,892,584)
Other financing sources (uses):								
Transfers in	35,710	81,261	-	-	-	-	25,194	142,165
Transfers out	-	-	(86,303)	-	-	(261)	(55,601)	(142,165)
Total other financing sources (uses)	35,710	81,261	(86,303)	-	-	(261)	(30,407)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(176,460)	(231,205)	(471,262)	(450,004)	(172,600)	(1,931,933)	(459,120)	(3,892,584)
Cash and investments - beginning	889,005	292,984	488,688	505,099	176,637	1,980,000	911,030	5,243,443
Cash and investments - ending	\$ 712,545	\$ 61,779	\$ 17,426	\$ 55,095	\$ 4,037	\$ 48,067	\$ 451,910	\$ 1,350,859
Cash and Investment Assets - Ending								
Cash and investments	\$ 712,545	\$ 61,779	\$ -	\$ 55,095	\$ 4,037	\$ 48,067	\$ 451,798	\$ 1,333,321
Cash with fiscal agent	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and investments	-	-	17,426	-	-	-	112	17,538
Total cash and investment assets - ending	\$ 712,545	\$ 61,779	\$ 17,426	\$ 55,095	\$ 4,037	\$ 48,067	\$ 451,910	\$ 1,350,859
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 17,426	\$ -	\$ -	\$ -	\$ 112	\$ 17,538
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	712,545	61,779	-	55,095	4,037	48,067	451,798	1,333,321
Total cash and investment fund balance - ending	\$ 712,545	\$ 61,779	\$ 17,426	\$ 55,095	\$ 4,037	\$ 48,067	\$ 451,910	\$ 1,350,859

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Bond Construction	Other	Totals
Receipts:								
Local sources	\$ 3,123,244	\$ 724,082	\$ 2,178,398	\$ 1,038,623	\$ 149,649	\$ -	\$ 892,613	\$ 8,106,609
Intermediate sources	103	-	-	-	-	-	-	103
State sources	5,209,192	-	-	-	-	-	110,894	5,320,086
Federal sources	-	-	-	-	-	-	623,003	623,003
Bonds and loans	2,121,240	477,794	848,318	702,728	-	-	-	4,150,080
Sale of property, adjustments and refunds	5,500	-	-	-	-	109,403	-	114,903
Interfund loans	-	-	-	-	-	-	-	-
Total receipts	10,459,279	1,201,876	3,026,716	1,741,351	149,649	109,403	1,626,510	18,314,784
Disbursements:								
Current:								
Instruction	5,236,927	435	-	-	-	-	793,750	6,031,112
Support services	2,683,336	771,475	-	1,071,100	88,370	159,846	754,958	5,529,085
Community services	140,529	-	-	-	-	-	-	140,529
Nonprogrammed charges	174,932	-	-	-	-	-	-	174,932
Debt services	1,308,455	219,738	2,730,095	393,681	34,807	-	113,232	4,800,008
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	9,544,179	991,648	2,730,095	1,464,781	123,177	159,846	1,661,940	16,675,666
Excess (deficiency) of receipts over disbursements	915,100	210,228	296,621	276,570	26,472	(50,443)	(35,430)	1,639,118
Other financing sources (uses):								
Transfers in	-	-	-	-	-	2,376	285,658	288,034
Transfers out	(36,483)	(8,692)	(183,087)	(12,542)	(27,087)	-	(20,143)	(288,034)
Total other financing sources (uses)	(36,483)	(8,692)	(183,087)	(12,542)	(27,087)	2,376	265,515	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	878,617	201,536	113,534	264,028	(615)	(48,067)	230,085	1,639,118
Cash and investments - beginning	712,545	61,779	17,426	55,095	4,037	48,067	451,910	1,350,859
Cash and investments - ending	\$ 1,591,162	\$ 263,315	\$ 130,960	\$ 319,123	\$ 3,422	\$ -	\$ 681,995	\$ 2,989,977
Cash and Investment Assets - Ending								
Cash and investments	\$ 1,591,162	\$ 263,315	\$ -	\$ 319,123	\$ 3,422	\$ -	\$ 708,409	\$ 2,885,431
Cash with fiscal agent	-	-	-	-	-	-	-	-
Restricted assets:								
Cash and investments	-	-	130,960	-	-	-	(26,414)	104,546
Total cash and investment assets - ending	\$ 1,591,162	\$ 263,315	\$ 130,960	\$ 319,123	\$ 3,422	\$ -	\$ 681,995	\$ 2,989,977
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ 130,960	\$ -	\$ -	\$ -	\$ (26,414)	\$ 104,546
Other purposes	-	-	-	-	-	-	-	-
Unrestricted	1,591,162	263,315	-	319,123	3,422	-	708,409	2,885,431
Total cash and investment fund balance - ending	\$ 1,591,162	\$ 263,315	\$ 130,960	\$ 319,123	\$ 3,422	\$ -	\$ 681,995	\$ 2,989,977

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 1,450	
Total contributions	-	1,450	
Investment earnings:			
Interest	-	4,418	
Total investment earnings	-	4,418	
Total additions	-	5,868	
Deductions:			
Benefits	912,818	-	
Administrative and general	41,938	-	
Total deductions	954,756	-	
Excess (deficiency) of total additions over total deductions	(954,756)	5,868	
Cash and investment fund balance - beginning	1,245,000	24,466	
Cash and investment fund balance - ending	\$ 290,244	\$ 30,334	\$ 37,767
Net assets:			
Cash and investments	\$ 290,244	\$ 30,334	
Total net assets - cash and investment basis held in trust	\$ 290,244	\$ 30,334	

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Pension Trust Funds</u>	<u>Private-Purpose Funds</u>	<u>Agency Funds</u>
Additions:			
Contributions:			
Other	\$ -	\$ 5,250	
Total contributions	<u>-</u>	<u>5,250</u>	
Investment earnings:			
Interest	-	799	
Total investment earnings	<u>-</u>	<u>799</u>	
Total additions	<u>-</u>	<u>6,049</u>	
Deductions:			
Benefits	15,685	-	
Administrative and general	<u>-</u>	<u>6,918</u>	
Total deductions	<u>15,685</u>	<u>6,918</u>	
Excess (deficiency) of total additions over total deductions	(15,685)	(869)	
Cash and investment fund balance - beginning	<u>290,244</u>	<u>30,334</u>	
Cash and investment fund balance - ending	<u>\$ 274,559</u>	<u>\$ 29,465</u>	<u>\$ 117,014</u>
Net assets:			
Cash and investments	<u>\$ 274,559</u>	<u>\$ 29,465</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 274,559</u>	<u>\$ 29,465</u>	

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

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Monroe-Gregg School District

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Avon Community School Corporation, Brownsburg School Corporation, Danville Community School Corporation, Eagle-Union School Corporation, District, Mooresville Consolidated Schools, Plainfield Community School Corporation, School Town of Speedway, Zionsville Community School and Metropolitan School District of Wayne Township in a joint venture to operate West Central Indiana Joint Services Co-op which was created to provide special education instruction. The West Central Indiana Joint Services Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the West Central Indiana Joint Services Co-op can be obtained from the Metropolitan School District of Wayne Township, 1220 South High School Road, Indianapolis, IN 46241.

The School Corporation is a participant with Avon Community School Corporation, Brownsburg School Corporation, Danville Community School Corporation, Eagle-Union School Corporation, District, Mooresville Consolidated Schools, Plainfield Community School Corporation, School Town of Speedway, Zionsville Community Schools, and Metropolitan School District of Wayne Township in a joint venture to operate Area 31 Vocation Education Co-op which was created to provide vocation education instruction. The Area 31 Vocation Education Co-op's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Area 31 Vocation Education Co-op can be obtained from the Metropolitan School District of Wayne Township, 1220 South High School Road, Indianapolis, IN 46241.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The bond construction fund is used to account for receipts and disbursements concerning the construction of a new elementary school and the remodel of the high school and junior high school.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance bond fund, which accumulate resources for pension benefit payments.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit individuals, private organizations and other governments.

Agency funds account for assets held by the School Corporation as an agent for payroll.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds or internal service funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

The Monroe-Gregg School District and the Monroe-Gregg Grade School Building Corporation entered into a revised lease agreement due to the advance refunding of the First Mortgage Bonds, Series 2004 for the purpose of financing, constructing and equipping certain school facilities and leasing same to the School Corporation. The bonds were designated as First Mortgage Refunding Bonds, Series 2006 in the aggregate principal amount of \$13,040,000.00

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity and balances – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal balances and activities within the primary government.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Disbursements in Excess of Appropriations

For the years ended June 30, 2007 and 2008, disbursements exceeded budgeted appropriations in the following funds by the amounts below:

Fund	2007
Debt Service	\$ 34,022
Special Education Preschool	78
Total	\$ 34,100

C. Cash and Investment Balance Deficits

At June 30, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Class Size Reduction	\$ 767	\$ -
Hall Early Childhood Care	-	17,693
YAR Obesity - Elem	-	860
YAR Battle Obesity - MS	-	1,584
Title IV Drug Free	-	206
School to Work 98	-	32
Retirement Severance Bond	-	26,414

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the (underestimate of current requirements; these deficits are to be repaid from future receipts.)

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. All bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	\$ -	\$ 36,483
Debt Service	Transportation	81,261	-
School Bus Replacement	Other governmental funds	-	27,087
Debt Service	Bond Construction	-	2,376
Bond Construction	Other governmental funds	261	-
Capital Projects	Other governmental funds	-	12,542
Debt Service	Other governmental funds	5,042	180,711
School Transportation	Other governmental funds	-	8,692
Other governmental funds	General Fund	35,710	-
Other governmental funds	Other governmental funds	19,891	20,143
Totals		<u>\$ 142,165</u>	<u>\$ 288,034</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); and natural disasters are covered by commercial insurance

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits

During 1999, the School Corporation joined with other governmental entities to form the Hoosier Heartland School Trust, a public entity risk pool currently operating as a common risk management and insurance program for eight member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits to employees. The School Corporation pays an annual premium to the risk pool for its medical benefit coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$75,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Monroe-Gregg School Building and Renovation Corporation (the lessor) for a High School Renovation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2007 and June 30, 2008, totaled \$248,073 and \$252,808 respectively.

The School Corporation has entered into a capital lease with Monroe-Gregg Elementary Building Corporation (the lessor) for an Elementary School Renovation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2007 and June 30, 2008, totaled \$970,600 and \$969,000 respectively.

C. Subsequent Events

Beginning in 2009, the School Corporation general and special education operating funds' expenses are covered by state support and there will not be a property tax rate levied to support their expenses.

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

		PERF
Annual required contribution	\$	75,908
Interest on net pension obligation		(17,676)
Adjustment to annual required contribution		20,143
Annual pension cost		78,375
Contributions made		121,359
Increase (decrease) in net pension obligation		(42,984)
Net pension obligation, beginning of year		(243,802)
Net pension obligation, end of year	\$	(286,786)

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	7.00%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 79,515	107%	\$ (214,531)
	06-30-07	67,497	143%	(243,802)
	06-30-08	78,375	155%	(286,786)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS
(Continued)

TRF 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:

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2007, and 2008, were \$121,526, \$122,793, and \$155,107, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

MONROE-GREGG SCHOOL DISTRICT
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,637,721	\$ 1,567,977	\$ 69,744	104%	\$ 1,171,505	6%
07-01-07	1,898,551	1,737,220	161,331	109%	1,391,992	12%
07-01-08	2,002,441	1,848,590	153,851	108%	1,553,397	10%

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Pre-School	Local Rainy Day	School Lunch	Textbook	Hall Early Childhood Care	Educational License Plates	Early Intervention
Receipts:							
Local sources	\$ 3,670	\$ -	\$ 364,877	\$ 159,851	\$ 21,217	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	47,004	-	6,475	12,298	-	-	1,000
Federal sources	-	-	114,084	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	50,674	-	485,436	172,149	21,217	-	1,000
Disbursements:							
Current:							
Instruction	72,617	-	-	-	15,482	-	-
Support services	-	-	478,794	152,422	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	72,617	-	478,794	152,422	15,482	-	-
Excess (deficiency) of receipts over disbursements	(21,943)	-	6,642	19,727	5,735	-	1,000
Other financing sources (uses):							
Transfers in	-	-	-	5,042	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	5,042	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,943)	-	6,642	24,769	5,735	-	1,000
Cash and investments - beginning	31,364	123,836	30,916	107,831	-	131	1,000
Cash and investments - ending	\$ 9,421	\$ 123,836	\$ 37,558	\$ 132,600	\$ 5,735	\$ 131	\$ 2,000
Cash and Investment Assets - Ending							
Cash and investments	\$ 9,421	\$ 123,836	\$ 37,558	\$ 132,600	\$ 5,735	\$ 131	\$ 2,000
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 9,421	\$ 123,836	\$ 37,558	\$ 132,600	\$ 5,735	\$ 131	\$ 2,000
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	9,421	123,836	37,558	132,600	5,735	131	2,000
Total cash and investment fund balance - ending	\$ 9,421	\$ 123,836	\$ 37,558	\$ 132,600	\$ 5,735	\$ 131	\$ 2,000

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted/ Talented 03-04	High Ability 05-06	High Ability 06-07	Driver Education	Technical Assistance	Principal Leadership	Non English Speaking
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 10,750	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	12,450	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	-	-	12,450	10,750	-	-	-
Disbursements:							
Current:							
Instruction	2,000	9,766	3,389	5,428	-	-	-
Support services	-	-	-	3,661	12,577	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	2,000	9,766	3,389	9,089	12,577	-	-
Excess (deficiency) of receipts over disbursements	(2,000)	(9,766)	9,061	1,661	(12,577)	-	-
Other financing sources (uses):							
Transfers in	2,000	1,178	-	-	-	-	-
Transfers out	-	-	(3,178)	-	-	-	-
Total other financing sources (uses)	2,000	1,178	(3,178)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(8,588)	5,883	1,661	(12,577)	-	-
Cash and investments - beginning	-	8,588	-	5,570	12,577	37	54
Cash and investments - ending	\$ -	\$ -	\$ 5,883	\$ 7,231	\$ -	\$ 37	\$ 54
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 5,883	\$ 7,231	\$ -	\$ 37	\$ 54
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 5,883	\$ 7,231	\$ -	\$ 37	\$ 54
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	-	-	5,883	7,231	-	37	54
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 5,883	\$ 7,231	\$ -	\$ 37	\$ 54

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Performance Based Awards	Economic Grant	Indiana Safe School Award	Olin Corp Grant	Principals Tech Leadership	Title I 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(14,682)
Total other financing sources (uses)	-	-	-	-	-	(14,682)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(14,682)
Cash and investments - beginning	6,240	26	884	20	67	14,682
Cash and investments - ending	<u>\$ 6,240</u>	<u>\$ 26</u>	<u>\$ 884</u>	<u>\$ 20</u>	<u>\$ 67</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 6,240	\$ 26	\$ 884	\$ 20	\$ 67	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,240</u>	<u>\$ 26</u>	<u>\$ 884</u>	<u>\$ 20</u>	<u>\$ 67</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	6,240	26	884	20	67	-
Total cash and investment fund balance - ending	<u>\$ 6,240</u>	<u>\$ 26</u>	<u>\$ 884</u>	<u>\$ 20</u>	<u>\$ 67</u>	<u>\$ -</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title I 06-07	Title V	Special Education	Title IV/ Drug Free FY-05	Title IV, Part A	Safe/Drug Title IV FY07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	137,078	1,704	167,568	-	-	4,403
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	137,078	1,704	167,568	-	-	4,403
Disbursements:						
Current:						
Instruction	119,061	2,606	177,587	-	3,315	1,260
Support services	-	-	-	-	-	-
Community services	484	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	119,545	2,606	177,587	-	3,315	1,260
Excess (deficiency) of receipts over disbursements	17,533	(902)	(10,019)	-	(3,315)	3,143
Other financing sources (uses):						
Transfers in	14,682	-	-	-	-	1,026
Transfers out	(27,749)	-	(7,961)	(67)	(959)	-
Total other financing sources (uses)	(13,067)	-	(7,961)	(67)	(959)	1,026
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,466	(902)	(17,980)	(67)	(4,274)	4,169
Cash and investments - beginning	-	17,746	17,980	67	4,274	-
Cash and investments - ending	\$ 4,466	\$ 16,844	\$ -	\$ -	\$ -	\$ 4,169
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,466	\$ 16,844	\$ -	\$ -	\$ -	\$ 4,169
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,466	\$ 16,844	\$ -	\$ -	\$ -	\$ 4,169
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	4,466	16,844	-	-	-	4,169
Total cash and investment fund balance - ending	\$ 4,466	\$ 16,844	\$ -	\$ -	\$ -	\$ 4,169

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Eisenhower Grant FY98	Title II FY94	School to Work 98	Class-Size Reduction	Title II Part A	Title II Part D
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	44,299	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	-	-	44,299	-
Disbursements:						
Current:						
Instruction	-	-	-	1,772	30,373	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	-	-	1,772	30,373	-
Excess (deficiency) of receipts over disbursements	-	-	-	(1,772)	13,926	-
Other financing sources (uses):						
Transfers in	-	-	-	1,005	-	-
Transfers out	-	-	-	-	(1,005)	-
Total other financing sources (uses)	-	-	-	1,005	(1,005)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(767)	12,921	-
Cash and investments - beginning	809	34	387	-	31,886	1,965
Cash and investments - ending	<u>\$ 809</u>	<u>\$ 34</u>	<u>\$ 387</u>	<u>\$ (767)</u>	<u>\$ 44,807</u>	<u>\$ 1,965</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 809	\$ 34	\$ 387	\$ (767)	\$ 44,807	\$ 1,965
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 809</u>	<u>\$ 34</u>	<u>\$ 387</u>	<u>\$ (767)</u>	<u>\$ 44,807</u>	<u>\$ 1,965</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	809	34	387	(767)	44,807	1,965
Total cash and investment fund balance - ending	<u>\$ 809</u>	<u>\$ 34</u>	<u>\$ 387</u>	<u>\$ (767)</u>	<u>\$ 44,807</u>	<u>\$ 1,965</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Retirement/ Severance Bond	New Construction Equipment	Common School Advance Construction	Elementary Construction	Building Trades	Totals
Receipts:						
Local sources	\$ 112	\$ -	\$ -	\$ -	\$ 4,418	\$ 564,895
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	79,227
Federal sources	-	-	-	-	-	469,136
Bonds and loans	37,744	-	-	-	-	37,744
Sale of property, adjustments and refunds	-	-	-	57,830	-	57,830
Interfund loans	-	-	-	-	-	-
Total receipts	37,856	-	-	57,830	4,418	1,208,832
Disbursements:						
Current:						
Instruction	-	-	-	-	-	444,656
Support services	-	24,632	424,484	58,091	-	1,154,661
Community services	-	-	-	-	-	484
Nonprogrammed charges	-	-	-	-	-	-
Debt services	37,744	-	-	-	-	37,744
Interfund loans	-	-	-	-	-	-
Total disbursements	37,744	24,632	424,484	58,091	-	1,637,545
Excess (deficiency) of receipts over disbursements	112	(24,632)	(424,484)	(261)	4,418	(428,713)
Other financing sources (uses):						
Transfers in	-	-	-	261	-	25,194
Transfers out	-	-	-	-	-	(55,601)
Total other financing sources (uses)	-	-	-	261	-	(30,407)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	112	(24,632)	(424,484)	-	4,418	(459,120)
Cash and investments - beginning	-	42,059	450,000	-	-	911,030
Cash and investments - ending	\$ 112	\$ 17,427	\$ 25,516	\$ -	\$ 4,418	\$ 451,910
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 17,427	\$ 25,516	\$ -	\$ 4,418	\$ 451,798
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	112	-	-	-	-	112
Total cash and investment assets - ending	\$ 112	\$ 17,427	\$ 25,516	\$ -	\$ 4,418	\$ 451,910
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ 112	\$ -	\$ -	\$ -	\$ -	\$ 112
Other purposes	-	-	-	-	-	-
Unrestricted	-	17,427	25,516	-	4,418	451,798
Total cash and investment fund balance - ending	\$ 112	\$ 17,427	\$ 25,516	\$ -	\$ 4,418	\$ 451,910

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Pre-School	Local Rainy Day	School Lunch	Textbook	Levy Excess	Hall Early Childhood Care	Educational License Plates
Receipts:							
Local sources	\$ 6,560	\$ -	\$ 406,424	\$ 139,439	\$ -	\$ 236,485	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	37,050	-	6,753	25,302	-	-	-
Federal sources	-	-	138,533	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	43,610	-	551,710	164,741	-	236,485	-
Disbursements:							
Current:							
Instruction	48,580	-	-	-	-	258,554	-
Support services	-	69,342	515,593	163,460	-	1,358	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	48,580	69,342	515,593	163,460	-	259,912	-
Excess (deficiency) of receipts over disbursements	(4,970)	(69,342)	36,117	1,281	-	(23,427)	-
Other financing sources (uses):							
Transfers in	-	175,263	-	6,185	87,655	-	-
Transfers out	(80)	-	-	-	-	-	-
Total other financing sources (uses)	(80)	175,263	-	6,185	87,655	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,050)	105,921	36,117	7,466	87,655	(23,427)	-
Cash and investments - beginning	9,421	123,836	37,558	132,600	-	5,735	131
Cash and investments - ending	\$ 4,371	\$ 229,757	\$ 73,675	\$ 140,066	\$ 87,655	\$ (17,692)	\$ 131
Cash and Investment Assets - Ending							
Cash and investments	\$ 4,371	\$ 229,757	\$ 73,676	\$ 140,066	\$ 87,655	\$ (17,693)	\$ 131
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 4,371	\$ 229,757	\$ 73,676	\$ 140,066	\$ 87,655	\$ (17,693)	\$ 131
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	4,371	229,757	73,676	140,066	87,655	(17,693)	131
Total cash and investment fund balance - ending	\$ 4,371	\$ 229,757	\$ 73,676	\$ 140,066	\$ 87,655	\$ (17,693)	\$ 131

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Alternative Education	Early Intervention	High Ability 07-08	High Ability 06-07	Driver Education	Principal Leadership	Non English Speaking
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 8,250	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	2,034	8,500	31,255	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	2,034	8,500	31,255	-	8,250	-	-
Disbursements:							
Current:							
Instruction	-	-	4,002	5,883	9,916	-	-
Support services	-	-	-	-	1,517	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	4,002	5,883	11,433	-	-
Excess (deficiency) of receipts over disbursements	2,034	8,500	27,253	(5,883)	(3,183)	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,034	8,500	27,253	(5,883)	(3,183)	-	-
Cash and investments - beginning	-	2,000	-	5,883	7,231	37	54
Cash and investments - ending	<u>\$ 2,034</u>	<u>\$ 10,500</u>	<u>\$ 27,253</u>	<u>\$ -</u>	<u>\$ 4,048</u>	<u>\$ 37</u>	<u>\$ 54</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 2,034	\$ 10,500	\$ 27,253	\$ -	\$ 4,048	\$ 37	\$ 54
Cash with fiscal agent	-	-	-	-	-	-	-
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,034</u>	<u>\$ 10,500</u>	<u>\$ 27,253</u>	<u>\$ -</u>	<u>\$ 4,048</u>	<u>\$ 37</u>	<u>\$ 54</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-	-
Unrestricted	2,034	10,500	27,253	-	4,048	37	54
Total cash and investment fund balance - ending	<u>\$ 2,034</u>	<u>\$ 10,500</u>	<u>\$ 27,253</u>	<u>\$ -</u>	<u>\$ 4,048</u>	<u>\$ 37</u>	<u>\$ 54</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Performance Based Awards	Economic Grant	YAR Obesity-Elem	YAR - Battle Obesity-MS	Indiana Safe School Award	Olin Corp Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	3,002	-	860	1,584	-	-
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	3,002	-	860	1,584	-	-
Excess (deficiency) of receipts over disbursements	(3,002)	-	(860)	(1,584)	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,002)	-	(860)	(1,584)	-	-
Cash and investments - beginning	6,240	26	-	-	884	20
Cash and investments - ending	<u>\$ 3,238</u>	<u>\$ 26</u>	<u>\$ (860)</u>	<u>\$ (1,584)</u>	<u>\$ 884</u>	<u>\$ 20</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,238	\$ 26	\$ (860)	\$ (1,584)	\$ 884	\$ 20
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 3,238</u>	<u>\$ 26</u>	<u>\$ (860)</u>	<u>\$ (1,584)</u>	<u>\$ 884</u>	<u>\$ 20</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	3,238	26	(860)	(1,584)	884	20
Total cash and investment fund balance - ending	<u>\$ 3,238</u>	<u>\$ 26</u>	<u>\$ (860)</u>	<u>\$ (1,584)</u>	<u>\$ 884</u>	<u>\$ 20</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Principals Tech Leadership	Title I 06-07	Title I FY08	Title V	Special Education	Safe/Drug Title IV FY07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	14,622	172,374	-	251,536	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	14,622	172,374	-	251,536	-
Disbursements:						
Current:						
Instruction	-	2,533	134,379	1,873	244,021	4,169
Support services	-	-	2,758	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	-	2,533	137,137	1,873	244,021	4,169
Excess (deficiency) of receipts over disbursements	-	12,089	35,237	(1,873)	7,515	(4,169)
Other financing sources (uses):						
Transfers in	-	-	16,555	-	-	-
Transfers out	-	(16,555)	-	-	-	-
Total other financing sources (uses)	-	(16,555)	16,555	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,466)	51,792	(1,873)	7,515	(4,169)
Cash and investments - beginning	67	4,466	-	16,844	-	4,169
Cash and investments - ending	\$ 67	\$ -	\$ 51,792	\$ 14,971	\$ 7,515	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 67	\$ -	\$ 51,792	\$ 14,971	\$ 7,515	\$ -
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 67	\$ -	\$ 51,792	\$ 14,971	\$ 7,515	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	67	-	51,792	14,971	7,515	-
Total cash and investment fund balance - ending	\$ 67	\$ -	\$ 51,792	\$ 14,971	\$ 7,515	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title IV Drug Free	Eisenhower Grant FY98	Title II FY94	School to Work 98	Class-Size Reduction	Title II Part A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 767	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	45,938
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	-	-	767	45,938
Disbursements:						
Current:						
Instruction	206	678	-	419	-	70,563
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	206	678	-	419	-	70,563
Excess (deficiency) of receipts over disbursements	(206)	(678)	-	(419)	767	(24,625)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(206)	(678)	-	(419)	767	(24,625)
Cash and investments - beginning	-	809	34	387	(767)	44,807
Cash and investments - ending	\$ (206)	\$ 131	\$ 34	\$ (32)	\$ -	\$ 20,182
Cash and Investment Assets - Ending						
Cash and investments	\$ (206)	\$ 131	\$ 34	\$ (32)	\$ -	\$ 20,182
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ (206)	\$ 131	\$ 34	\$ (32)	\$ -	\$ 20,182
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other purposes	-	-	-	-	-	-
Unrestricted	(206)	131	34	(32)	-	20,182
Total cash and investment fund balance - ending	\$ (206)	\$ 131	\$ 34	\$ (32)	\$ -	\$ 20,182

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part D	Retirement/ Severance Bond	New Construction Equipment	Common School Advance Construction	Building Trades	Totals
Receipts:						
Local sources	\$ -	\$ 87,838	\$ -	\$ 6,850	\$ -	\$ 892,613
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	110,894
Federal sources	-	-	-	-	-	623,003
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	87,838	-	6,850	-	1,626,510
Disbursements:						
Current:						
Instruction	-	-	-	-	2,528	793,750
Support services	-	-	930	-	-	754,958
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	113,232	-	-	-	113,232
Interfund loans	-	-	-	-	-	-
Total disbursements	-	113,232	930	-	2,528	1,661,940
Excess (deficiency) of receipts over disbursements	-	(25,394)	(930)	6,850	(2,528)	(35,430)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	285,658
Transfers out	-	(1,132)	-	(2,376)	-	(20,143)
Total other financing sources (uses)	-	(1,132)	-	(2,376)	-	265,515
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(26,526)	(930)	4,474	(2,528)	230,085
Cash and investments - beginning	1,965	112	17,427	25,517	4,417	451,910
Cash and investments - ending	\$ 1,965	\$ (26,414)	\$ 16,497	\$ 29,991	\$ 1,889	\$ 681,993
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,965	\$ -	\$ 16,497	\$ 29,991	\$ 1,889	\$ 708,409
Cash with fiscal agent	-	-	-	-	-	-
Restricted assets:						
Cash and investments	-	(26,414)	-	-	-	(26,414)
Total cash and investment assets - ending	\$ 1,965	\$ (26,414)	\$ 16,497	\$ 29,991	\$ 1,889	\$ 681,995
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ (26,414)	\$ -	\$ -	\$ -	\$ (26,414)
Other purposes	-	-	-	-	-	-
Unrestricted	1,965	-	16,497	29,991	1,889	708,409
Total cash and investment fund balance - ending	\$ 1,965	\$ (26,414)	\$ 16,497	\$ 29,991	\$ 1,889	\$ 681,995

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Recreational Activities	Red Ribbon Grant	Building Trades Fund	Title I Workshop	Lilly Teacher Grant	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 1,450	\$ -	\$ -	\$ -	\$ 1,450
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	4,418	-	-	4,418
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	4,418	-	-	4,418
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	4,418	-	-	4,418
Total additions	-	1,450	4,418	-	-	5,868
Deductions:						
Administrative and general	-	-	-	-	-	-
Excess (deficiency) of total additions over total deductions	-	1,450	4,418	-	-	5,868
Cash and investment fund balance - beginning	123	-	23,843	-	500	24,466
Cash and investments - June 30	<u>\$ 123</u>	<u>\$ 1,450</u>	<u>\$ 28,261</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 30,334</u>
Net assets:						
Cash and investments	\$ 123	\$ 1,450	\$ 28,261	\$ -	\$ 500	\$ 30,334
Total net assets - cash and investment basis held in trust	<u>\$ 123</u>	<u>\$ 1,450</u>	<u>\$ 28,261</u>	<u>\$ -</u>	<u>\$ 500</u>	<u>\$ 30,334</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	Recreational Activities	Red Ribbon Grant	Building Trades Fund	Title I Workshop	Lilly Teacher Grant	Totals
Additions:						
Contributions:						
Other	\$ 250	\$ -	\$ -	\$ 5,000	\$ -	\$ 5,250
Investment earnings:						
Net increase (decrease) in fair value of investments	-	-	-	-	-	-
Interest	-	-	799	-	-	799
Dividends	-	-	-	-	-	-
Total investment earnings	-	-	799	-	-	799
Less investment disbursements	-	-	-	-	-	-
Net investment earnings	-	-	799	-	-	799
Total additions	250	-	799	5,000	-	6,049
Deductions:						
Administrative and general	-	550	6,368	-	-	6,918
Excess (deficiency) of total additions over total deductions	250	(550)	(5,569)	5,000	-	(869)
Cash and investment fund balance - beginning	123	1,450	28,261	-	500	30,334
Cash and investments - June 30	<u>\$ 373</u>	<u>\$ 900</u>	<u>\$ 22,692</u>	<u>\$ 5,000</u>	<u>\$ 500</u>	<u>\$ 29,465</u>
Net assets:						
Cash and investments	\$ 373	\$ 900	\$ 22,692	\$ 5,000	\$ 500	\$ 29,465
Total net assets - cash and investment basis held in trust	<u>\$ 373</u>	<u>\$ 900</u>	<u>\$ 22,692</u>	<u>\$ 5,000</u>	<u>\$ 500</u>	<u>\$ 29,465</u>

MONROE-GREGG SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30,2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
High School Renovation	\$ 825,000	\$ 255,128
Grade School Building	12,206,251	967,000
Notes and loans payable		
Common School A0303	300,000	91,875
Common School A0515	8,428,411	579,671
Bonds payable:		
General obligation bonds:		
Energy Savings	2,000,000	83,793
Pension Bonds	1,245,000	115,059
Total governmental activities debt	<u>\$ 25,004,662</u>	<u>\$ 2,092,525</u>

MONROE-GREGG SCHOOL DISTRICT
OTHER REPORT

The audit report presented herein was prepared in addition to another official report prepared for the individual School Corporation offices listed below:

Compensation and Benefits

MONROE-GREGG SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

APPROPRIATIONS

The records presented for audit indicated the following expenditures in excess of budgeted appropriations:

Fund	Years	Excess Amount Expended
Debt Service	2007	\$ 34,022
Special Education Preschool	2007	78

IC 6-1.1-18-4 states in part: ". . . the proper officers of a political subdivision shall appropriate funds in such a manner that the expenditures for a year do not exceed its budget for that year as finally determined under this article."

A similar comment appeared in prior Report B29775.

CAPITAL ASSET RECORDS

Information presented for audit did not indicate an inventory or record of capital assets.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

A similar comment appeared in prior Report B29775.

AVERAGE DAILY MEMBERSHIP (ADM)

Records presented for audit to support the ADM claimed by the School Corporation did not provide a written certification from the building level official.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used (these records must be retained for public inspection and audit) to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 123, September 1993, and Volume 142, June 1998)

MONROE-GREGG SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

TRANSFER TUITION - CHILDREN OF SCHOOL CORPORATION EMPLOYEES

There were various employees who do not live in the School Corporation District who have not paid transfer tuition for their children who are being educated by the School Corporation.

IC 20-26-11-6 states in part:

"(a) A school corporation may accept a transferring student without approval of the transferor corporation under section 5 of this chapter.

(b) A transfer may not be accepted unless the requesting parents or student pays transfer tuition in an amount determined under the formula established . . ."

OFFICIAL BONDS

The following official bonds were not filed in the Office of the County Recorder: Corporation Treasurer, Kelly Dillon, and Deputy Treasurer, Christy Carter, for school years 2006-2007 and 2007-2008.

IC 5-4-1-5.1(b) states, in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder. . . ."

OLD OUTSTANDING WARRANTS (CHECKS)

Our review of the bank reconciliations as of June 30, 2008, revealed warrants (checks) outstanding in excess of two years.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states in part:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of the political subdivision; or (2) the fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

MONROE-GREGG SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disofficer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

A similar comment appeared in prior Report B29775.

APPROVAL OF FORMS

The Monrovia Middle School was using the following form which had not been approved for use in lieu of prescribed forms:

ECA Form 5

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SCHOOL FOOD VERIFICATIONS OF ELIGIBILITY

The School Corporation during the 2007-2008 school years, test-checked the validity of information provided on the applications for free and reduced-priced meals. The results of the test-checks, which were reported to the Indiana Department of Education in accordance with 7CFR 245.6(a), are as follows:

Number of Approved Applications:	190
Number of Approved Applications Verified:	0
Method of Selection:	Random Selection
Error Rate of Items Verified:	100

An "error" for purposes of the test-check was an application that could not be verified by the program participant with requested "income verification" information (i.e., paycheck stub, W-2, etc.). Any program participant who was found to have an application that could not be verified was dropped from the free and reduced-price meal program.

Officials should request a written position from the Indiana Department of Education stating whether the corrective action taken was sufficient or if additional verifications need to be performed when high incidences of errors in test sample verifications are noted. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN FUND BALANCES

The Class Size Reduction Fund was overdrawn in 2007 and the funds for Hall Early Childhood Care, YAR Obesity-Elementary, YAR-Battle Obesity-MS, Title IV Drug Free, School to Work 98, and Retirement Severance Bond were overdrawn in 2008.

MONROE-GREGG SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS
(Continued)

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

PRESCRIBED FORMS

The following prescribed or approved form was not always in use:

Form 101, Mileage Claim Form

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INTERNAL CONTROL OVER FINANCIAL REPORTING

The School Corporation has not implemental internal controls to monitor the receipting, disbursing, recording and accounting of financial activities of certain grant funds. We determined that financial records were not reconciled on a timely basis to grant files and subsidiary records.

As a result, the School Corporation experienced difficulty in determining the timing of expenditures of federal awards for certain grant funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE MONROE-GREGG SCHOOL DISTRICT, MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Monroe-Gregg School District (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies in internal control over compliance described in 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, School Board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

June 9, 2009

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education Child Nutrition Cluster	10.553			
School Breakfast Program		None	\$ 18,129	\$ 24,226
National School Lunch Program	10.555	None	<u>134,499</u>	<u>167,374</u>
Total For Child Nutrition Cluster			<u>152,628</u>	<u>191,600</u>
U.S. DEPARTMENT OF EDUCATION				
Special Education Cluster				
Special Education - Grants to States	84.027			
School Year 2005-2006		Proj. 14206-063-PN01	17,980	-
School Year 2006-2007		Proj 14207-063-PY02	167,568	-
School Year 2007-2008		Proj 14208-063-PY02	<u>-</u>	<u>235,757</u>
Total for program			<u>185,548</u>	<u>235,757</u>
Special Education - Preschool Grants	84.173			
School Year 2007-2008		45708-063-PN01	<u>-</u>	<u>8,264</u>
Total for program			<u>-</u>	<u>8,264</u>
Total for Cluster			<u>185,548</u>	<u>244,021</u>
Title 1 Grants to Local Educational Agencies	84.010			
School Year 2006-2007		Proj 07-5900	147,294	-
School Year 2007-2008		Proj 08-5900	<u>-</u>	<u>137,137</u>
School Year 2007-2008			<u>-</u>	<u>-</u>
Total for program			<u>147,294</u>	<u>137,137</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
School Year 2006-2007		Proj 5900-06	67	-
School Year 2006-2007		Proj 5900-06	4,274	-
Fiscal Years 2007 and 2008		None	1,260	4,169
School Year 2007-2008		None	<u>-</u>	<u>206</u>
Total For Safe and Drug Free Schools and Communities - State Grants			<u>5,601</u>	<u>4,375</u>
Title II - Dwight D. Eisenhower - Science and Math Technology Grants	84.281			
School Year 2006-2007		None	<u>-</u>	<u>678</u>
Total for Program			<u>-</u>	<u>678</u>
School to Work Opportunity Implementation	84.278			
School Year 2007-2008		None	<u>-</u>	<u>419</u>
Total For School to Work Opportunity Implementation			<u>-</u>	<u>419</u>
State Grants for Innovative Programs	84.298			
School Year 2006-2007		Proj 06-5900	2,606	-
School Year 2007-2008		None	<u>-</u>	<u>1,873</u>
Total for Program			<u>2,606</u>	<u>1,873</u>
Class Size Reduction	84.340			
School Year 2006-2007		Proj 01-023	1,005	-
School Year 2007-2008		None	<u>-</u>	<u>-</u>
Total for Program			<u>1,005</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367			
School Year 2006-2007		Proj 06-5900	31,378	-
School Year 2007-2008		Proj 07-5900	<u>-</u>	<u>70,563</u>
Total for Program			<u>31,378</u>	<u>70,563</u>
Total for federal grantor agency			<u>\$ 373,432</u>	<u>\$ 460,939</u>
Total federal awards expended			<u>\$ 526,060</u>	<u>\$ 650,666</u>

The accompanying notes to the financial statements are an integral part of the schedule of Expenditures of Federal Awards.

MONROE-GREGG SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Monroe-Gregg School District (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance.

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2007</u>	<u>2008</u>
School Breakfast	10.553	\$ 2,081	\$ 3,128
School Lunch	10.555	16,726	22,418

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title 1 Grants to Local Educational Agencies Special Education – Cluster

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

Auditee qualified as low-risk auditee? no

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

FINDING 2008-1, INTERNAL CONTROL OVER FINANCIAL REPORTING

The School Corporation has not implemented internal controls to monitor the receipting, disbursing, recording and accounting of financial activities of certain grant funds. We determined that financial records were not reconciled on a timely basis to grant files and subsidiary records.

As a result, the School Corporation experienced difficulty in determining the timing of expenditures of federal awards for certain grant funds.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommended that internal controls be properly maintained to monitor that the school corporation reconciles financial records to grant files and subsidiary records on a timely basis.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MONROE-GREGG SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

Monroe-Gregg School District



135 South Chestnut Street
Monrovia, IN 46157
Phone (317) 996-3720
Fax (317) 996-2977

July 20, 2009

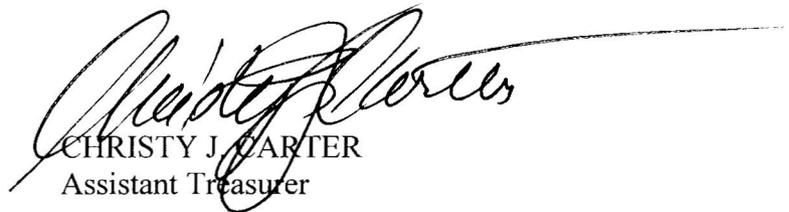
Indiana State Board of Accounts
ATTN: Chuck Nemeth
200 West Washington St.
Room 212
Indianapolis, IN 46204

Dear Mr. Nemeth:

This correspondence is in response to State Board of Accounts Finding Number 2008-1, Internal Control over Financial Reporting for the Monroe Gregg School District, audit period 2006-2007 through 2007-2008.

Should you need additional information, please contact the undersigned.

Sincerely,


CHRISTY J. CARTER
Assistant Treasurer

Enclosure

CF: Dr. Julie Wood, Superintendent

Monroe-Gregg School District

135 South Chestnut Street
Monrovia, IN 46157
Phone (317) 996-3720
Fax (317) 996-2977



CORRECTIVE ACTION PLAN

Finding no. 2008-1, Internal Control Over Financial Reporting

Federal Agency:	U.S. Department of Education
Federal Programs:	Special Education
Pass-Through:	Indiana Department of Education
Auditee Contact Person:	Christy Carter
Title of Contact Person:	Assistant Treasurer
Phone Number:	317-996-3720
Expected Completion Date:	as soon as possible

Corrective Action:

The following will be implemented by the Monroe Gregg School District to ensure more efficiency in regard to grants:

More detailed internal controls, such as financial records being reconciled on a more frequent basis, will be initiated. This would avert invalid transactions; inaccurate records; financial statements; and incorrect decision making in the future.

CHRISTY J. CARTER
Monroe Gregg School District, Assistant Treasurer

DATE

MONROE-GREGG SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on June 17, 2008, with Joseph Wolfe, Superintendent of Schools; Kelly Dillon and Melisa Bundy, Treasurers. The officials concurred with our audit findings.