

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

**Paul D. Joyce, CPA
State Examiner**

COMPLIANCE EXAMINATION REPORT
OF
MONROE-GREGG SCHOOL DISTRICT
MORGAN COUNTY, INDIANA
July 1, 2022 to June 30, 2024



FILED

02/13/2025



Paul D. Joyce, CPA
State Examiner

INDIANA STATE BOARD OF ACCOUNTS

302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769
Telephone: (317) 232-2513
Fax: (317) 232-4711
www.in.gov/sboa

February 13, 2025

To: The Officials of the Monroe-Gregg School District
Monroe-Gregg School District
Morgan County, Indiana

This report is supplemental to the audit report of Monroe-Gregg School District (School Corporation), for the period July 1, 2022 to June 30, 2024. It has been provided as a separate report so that the reader may easily identify any findings that pertain to the School Corporation. It should be read in conjunction with the financial statement audit report of the School Corporation, which provides an opinion on the School Corporation's financial statements. This report may be found at www.in.gov/sboa/.

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of the School Corporation and perform procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The findings contained herein describe the identified reportable instances of noncompliance found as a result of these procedures.

We have reviewed the supplemental report of Monroe-Gregg School District prepared by Crowe LLP, Independent Public Accountants, for the period July 1, 2022 to June 30, 2024. In our opinion, the supplemental report was prepared in accordance with the guidelines established by the Indiana State Board of Accounts.

We call your attention to the findings in the report on pages 3 through 6.

The report is filed with this letter in our office as a matter of public record.

Tammy R. White, CPA
Deputy State Examiner

MONROE-GREGG SCHOOL DISTRICT

Morgan County, Indiana
July 1, 2022 through June 30, 2024

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MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF OFFICIALS
July 1, 2022 through June 30, 2024

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-22 to 03-31-24
	Vacant	04-01-24 to 04-30-24
	Moriah Crane	05-01-24 to 06-30-24
Superintendent of Schools	Dr. Kirk Freeman	07-01-22 to 06-03-24
	Vacant	06-04-24 to 06-30-24
President of the School Board	Brock Sears	01-01-22 to 12-31-22
	Tom Kennedy	01-01-23 to 12-31-23
	Jack Elliott	01-01-24 to 12-31-24

INDEPENDENT ACCOUNTANT'S REPORT

To the Indiana State Board of Accounts and
Management of Monroe-Gregg School District

We have examined Monroe-Gregg School District's ("School Corporation") compliance with the Indiana State Board of Accounts' *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* during the period of July 1, 2022 through June 30, 2024. Management of the School Corporation is responsible for the School Corporation's compliance with the specified requirements. Our responsibility is to express an opinion on the School Corporation's compliance with the specified requirements based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. Those standards require that we plan and perform the examination to obtain reasonable assurance about whether the School Corporation complied, in all material respects, with the specified requirements referenced above. An examination involves performing procedures to obtain evidence about whether the School Corporation complied with the specified requirements. The nature, timing, and extent of the procedures selected depend on our judgment, including an assessment of the risks of material noncompliance, whether due to fraud or error. We believe that the evidence we obtained is sufficient and appropriate to provide a reasonable basis for our qualified opinion.

We are required to be independent and to meet our other ethical responsibilities in accordance with relevant ethical requirements relating to the engagement.

Our examination does not provide a legal determination on the School Corporation's compliance with specified requirements.

Our examination disclosed material noncompliance with the *Accounting and Uniform Compliance Guidelines Manual For Indiana Public School Corporations* applicable to the School Corporation during the period of July 1, 2022 through June 30, 2024, as described in items 2024-001 and 2024-008 on the following Schedule of Examination Findings and Results.

In our opinion, except for the material noncompliance described in the preceding paragraph, the School Corporation complied, in all material respects, with the aforementioned requirements during the period of July 1, 2022 through June 30, 2024.


Crowe LLP

Indianapolis, Indiana
December 9, 2024

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-001: COMPENSATION AND BENEFITS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *“All compensation and benefits paid to officials and employees must be included in the labor contract, salary ordinance, resolution, or salary schedule adopted by the governing body unless otherwise authorized by law. Compensation must be paid in a manner that will facilitate compliance with state and federal reporting requirements.”*

Condition: During testing of payroll expenditures, we noted that 4 instances, in a sample of 10 employees, management was unable to locate a written contract to support the pay rate.

FINDING 2024-002: CONTRACTS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *“Payments made or received for contractual services must be supported by a written contract. Each unit is responsible for complying with the provisions of its contracts.”*

Condition: During testing of disbursements, we noted that two instances for the same vendor, in a sample of 46 disbursements selected, were not supported by a written contract.

FINDING 2024-003: SUPPORTING DOCUMENTATION

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *“Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for examination to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee.”*

Condition: During testing of disbursements, we noted one instance, in a sample of 46 disbursements, in which supporting documentation could not be provided. The total amount of disbursements identified was \$10,768.65. Exception pertains to same vendor referenced in finding 2024-002.

FINDING 2024-004: STALE DATED OUTSTANDING CHECKS

Criteria: Indiana Code 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. . . .”*

Condition: During testing of cash at June 30, 2023, we noted three checks totaling \$745.40 were outstanding for a period of two or more years. During testing of cash at June 30, 2024, we noted 11 checks totaling \$4,490.40 were outstanding for a period of two or more years.

(Continued)

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-005: CAPITAL ASSETS

Criteria: Chapter 1 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations states in part, *“Every unit must have a complete detail listing of all capital assets owned which reflects their acquisition value. Capital Asset Ledger (Form 369) has been prescribed for this purpose. A complete physical inventory must be taken at least every two years, unless more stringent requirements exist, to verify account balances carried in the accounting records.”*

Condition: During testing of capital assets, we noted the School Corporation did not have a detail listing of capital assets owned by the unit which agreed to amounts reported to Gateway. We noted that there is no documentation of physical inventory being taken every 2 years in order to verify account balances carried in the accounting records.

FINDING 2024-006: PREPAID SCHOOL MEAL ACCOUNTS

Criteria: Prepaid school meals should not be considered income to the child nutrition program until students are charged a meal to their account. When a student deposits money into their school account the balance of their individual account it should not be included in Fund 800 School Lunch. The school should have a clearing account with the fund number 8400 Prepaid School Lunch Accounts, which is included in Chapter 5 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. The student deposits for school meals into their account should be recorded to fund 8400 using receipt account 1630 Special Functions. Once the student is charged meals, disburse that amount using expenditure account 31900 Other Food Services from fund 8400 and receipt this into fund 800 using the Food and Serviced receipt accounts 1611-1623 at the time established in a written policy to ensure accurate monthly reporting. The receipt at this point is considered program income and should be reported as such.

It is also a requirement that the balance of fund 8400 to be reconciled on a monthly basis to the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019).

Condition: A monthly reconciliation between Fund 8400, Prepaid Meals fund, and the detailed records by student from the subsidiary ledger was not performed during the audit period. There were no reports produced or available to support the prepaid food balance as June 30, 2023 and June 30, 2024 reported on the Annual Financial Report.

(Continued)

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-007: SCHEDULES IN ANNUAL FINANCIAL REPORT – OTHER INFORMATION

Criteria: Indiana Code 5-11-1-4(a) states, "*The state examiner shall require from every municipality and every state or local governmental unit, entity, or instrumentality financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under IC 5-14-3.8-7.*"

A similar comment also appeared in prior report B61057.

Condition: Financial and other information are required to be entered annually into the Annual Financial Report (AFR) via the Indiana Gateway for Government Units (Gateway) financial reporting system. The information entered into Gateway contained the following errors:

Capital Assets

The School Corporation reported \$62,293,536 in capital assets. Management provided various schedules tracking vehicles and cafeteria equipment, however, we were unable to agree the AFR amount to the underlying capital asset ledger. The capital asset schedules do not track capital assets by type.

Schedule of Leases and Debt

The School Corporation reported \$6,685,843 in outstanding principal balance and \$2,751,081 in principle due within one year on the AFR. Adjustments were posted to increase outstanding principal balance by \$318,860 and increase the principal due within one year by \$130,000 to agree to the underlying bond/debt amortization schedule.

Schedule of Payables and Receivables

The School Corporation reported \$239,511 in accounts receivables which did not agree to the outstanding receivable balances for cost reimbursement grants at June 30, 2024. Management entered in the receivable balances as of July 31, 2024.

(Continued)

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXAMINATION FINDINGS AND RESULTS
July 1, 2022 through June 30, 2024

FINDING 2024-008: AVERAGE DAILY MEMBERSHIP (ADM) TESTING

Criteria: The School Corporation is responsible for reporting ADM to the Indiana Department of Education (IDOE). The ADM Summary Report shall provide a written certification of ADM to properly document responsibility. The ADM Summary Report must be signed by the Superintendent/Principal/Director of Schools and the Trustee/Corporate Treasurer and be uploaded to IDOE for each reporting period in the fiscal year. Supporting documentation of enrollment and attendance/engagement information by grade and school must be maintained for audit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public Schools, Part 9).

Indiana Code 20-33-2-24 states, *“The superintendent or an attendance officer having jurisdiction shall report a child who is habitually absent from school in violation of this chapter to an intake officer of the juvenile court or the department of child services. The intake officer or the department of child services shall proceed in accord with IC 31-30 through IC 31-40.”*

A similar comment also appeared in prior report B61057.

Condition: During our testing of the brick-and-mortar ADM count, the following exception was noted during the testing of 28 students to verify the student was an eligible pupil. The February 2024 count date included one student that was not regularly attending class. The student was reported as absent, unexcused for the February 1, 2024 ADM count. Additionally, the student incurred 27.5 total absences for the school year. The School Corporation did not report the student as habitually absent as is required by IC 20-33-2-24.

MONROE-GREGG SCHOOL DISTRICT
EXIT CONFERENCE
July 1, 2022 through June 30, 2024

The contents of this report were discussed on December 9, 2024 with Moriah Crane, Treasurer, Trent Provo, Superintendent, and Tom Kennedy, Secretary of the School Board.