

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

AUDIT REPORT

OF

MONROE CENTRAL SCHOOL CORPORATION

RANDOLPH COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/31/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Diana Hernly	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Zach D. Rozelle	07-01-05 to 06-30-08
President of the School Board	Bruce Buchanan Clyde Shaffer	07-01-05 to 06-30-06 07-01-06 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE MONROE CENTRAL SCHOOL
CORPORATION, RANDOLPH 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 Central School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, 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 prescribed 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, 2006 and 2007, 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 March 11, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the 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.

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

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, Schedule of Capital Assets, 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 Capital Assets and Schedule of Long-Term Debt have 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 them.

STATE BOARD OF ACCOUNTS

March 11, 2008



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302 WEST WASHINGTON STREET
ROOM E418
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Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 CENTRAL SCHOOL
CORPORATION, RANDOLPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Monroe Central School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated March 11, 2008. 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.

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.

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.

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. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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)

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. 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

March 11, 2008

MONROE CENTRAL SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<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	\$ 3,621,141	\$ -	\$ 37,360	\$ (3,583,781)
Support services	3,984,800	271,752	214,594	(3,498,454)
Community services	94,315	-	-	(94,315)
Nonprogrammed charges	215,014	-	-	(215,014)
Debt service	<u>1,645,876</u>	<u>-</u>	<u>-</u>	<u>(1,645,876)</u>
Total governmental activities	<u>\$ 9,561,146</u>	<u>\$ 271,752</u>	<u>\$ 251,954</u>	<u>(9,037,440)</u>
General receipts:				
Property taxes				2,866,880
Other local sources				601,540
State aid				4,644,030
Bonds and loans				1,087,912
Grants and contributions not restricted to specific programs				477,499
Sale of property, adjustments, and refunds				1,129
Investment earnings				<u>22,713</u>
Total general receipts				<u>9,701,703</u>
Change in net assets				664,263
Net assets - beginning				<u>730,584</u>
Net assets - ending				<u>\$ 1,394,847</u>
<u>Assets</u>				
Cash and investments				\$ 1,084,897
Restricted assets:				
Cash and investments				<u>309,950</u>
Total assets				<u>\$ 1,394,847</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 309,950
Unrestricted				<u>1,084,897</u>
Total net assets				<u>\$ 1,394,847</u>

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

MONROE CENTRAL SCHOOL CORPORATION
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	\$ 3,749,941	\$ -	\$ 36,416	\$ (3,713,525)
Support services	4,472,486	267,768	262,119	(3,942,599)
Community services	104,462	-	-	(104,462)
Nonprogrammed charges	208,612	-	-	(208,612)
Debt service	1,359,589	-	-	(1,359,589)
Total governmental activities	\$ 9,895,090	\$ 267,768	\$ 298,535	(9,328,787)
General receipts:				
Property taxes				1,924,490
Other local sources				408,266
State aid				4,487,651
Bonds and loans				1,419,777
Grants and contributions not restricted to specific programs				535,804
Sale of property, adjustments, and refunds				4,815
Investment earnings				38,533
Total general receipts				8,819,336
Change in net assets				(509,451)
Net assets - beginning				1,394,847
Net assets - ending				\$ 885,396
<u>Assets</u>				
Cash and investments				\$ 788,022
Restricted assets:				
Cash and investments				97,374
Total assets				\$ 885,396
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 97,374
Unrestricted				788,022
Total net assets				\$ 885,396

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

MONROE CENTRAL SCHOOL CORPORATION
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, 2006

	General	Transportation Operating	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,528,322	\$ 556,703	\$ -	\$ 523,736	\$ 508,834	\$ 176,445	\$ 429,107	\$ 3,723,147
Intermediate sources	38,419	-	-	-	100	-	1,218	39,737
State sources	4,668,906	-	-	-	-	-	151,149	4,820,055
Federal sources	-	-	-	-	-	-	553,430	553,430
Bonds and loans	611,658	339,121	-	-	137,133	-	-	1,087,912
Sale of property, adjustments and refunds	-	628	-	-	-	500	-	1,128
Interfund loans	130,000	76,750	-	-	-	-	-	206,750
Total receipts	6,977,305	973,202	-	523,736	646,067	176,945	1,134,904	10,432,159
Disbursements:								
Current:								
Instruction	3,090,937	-	-	-	-	-	530,204	3,621,141
Support services	2,440,596	496,814	-	-	531,292	85,654	430,444	3,984,800
Community services	94,315	-	-	-	-	-	-	94,315
Nonprogrammed charges	179,169	-	-	-	-	-	35,845	215,014
Debt services	640,993	105,441	-	507,188	107,464	6,251	148,539	1,515,876
Interfund loans	76,750	260,000	-	-	-	-	-	336,750
Total disbursements	6,522,760	862,255	-	507,188	638,756	91,905	1,145,032	9,767,896
Excess (deficiency) of receipts over disbursements	454,545	110,947	-	16,548	7,311	85,040	(10,128)	664,263
Other financing sources (uses):								
Transfers in	11,067	-	25,000	-	-	-	31,863	67,930
Transfers out	(8,949)	(3,172)	-	(28,017)	(2,778)	(1,241)	(23,773)	(67,930)
Total other financing sources (uses)	2,118	(3,172)	25,000	(28,017)	(2,778)	(1,241)	8,090	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	456,663	107,775	25,000	(11,469)	4,533	83,799	(2,038)	664,263
Cash and investments - beginning	5,236	381	96,120	246,737	165,970	50,347	165,793	730,584
Cash and investments - ending	\$ 461,899	\$ 108,156	\$ 121,120	\$ 235,268	\$ 170,503	\$ 134,146	\$ 163,755	\$ 1,394,847
Cash and Investment Assets - Ending								
Cash and investments	\$ 461,899	\$ 108,156	\$ 121,120	\$ -	\$ 170,503	\$ 134,146	\$ 89,073	\$ 1,084,897
Restricted assets:								
Cash and investments	-	-	-	235,268	-	-	74,682	309,950
Total cash and investment assets - ending	\$ 461,899	\$ 108,156	\$ 121,120	\$ 235,268	\$ 170,503	\$ 134,146	\$ 163,755	\$ 1,394,847
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 235,268	\$ -	\$ -	\$ 74,682	\$ 309,950
Unrestricted	461,899	108,156	121,120	-	170,503	134,146	89,073	1,084,897
Total cash and investment fund balance - ending	\$ 461,899	\$ 108,156	\$ 121,120	\$ 235,268	\$ 170,503	\$ 134,146	\$ 163,755	\$ 1,394,847

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

MONROE CENTRAL SCHOOL CORPORATION
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	Rainy Day	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,000,802	\$ 394,406	\$ -	\$ 353,864	\$ 364,677	\$ 99,514	\$ 367,041	\$ 2,580,304
Intermediate sources	50,773	-	-	-	6,574	-	1,406	58,753
State sources	4,509,858	-	-	-	-	-	236,456	4,746,314
Federal sources	-	-	-	-	-	-	575,676	575,676
Bonds and loans	902,707	268,996	-	-	156,098	91,976	-	1,419,777
Sale of property, adjustments and refunds	-	4,745	-	-	-	-	70	4,815
Interfund loans	-	6,500	-	-	-	6,800	-	13,300
Total receipts	6,464,140	674,647	-	353,864	527,349	198,290	1,180,649	9,398,939
Disbursements:								
Current:								
Instruction	3,239,783	-	-	-	-	-	510,158	3,749,941
Support services	2,532,994	499,774	-	-	559,158	333,615	546,945	4,472,486
Community services	104,462	-	-	-	-	-	-	104,462
Nonprogrammed charges	170,112	-	-	-	-	-	38,500	208,612
Debt services	374,908	180,430	-	518,799	137,133	-	148,319	1,359,589
Interfund loans	13,300	-	-	-	-	-	-	13,300
Total disbursements	6,435,559	680,204	-	518,799	696,291	333,615	1,243,922	9,908,390
Excess (deficiency) of receipts over disbursements	28,581	(5,557)	-	(164,935)	(168,942)	(135,325)	(63,273)	(509,451)
Other financing sources (uses):								
Transfers in	8,949	3,172	-	3,017	2,778	1,241	946	20,103
Transfers out	-	-	-	-	-	-	(20,103)	(20,103)
Total other financing sources (uses)	8,949	3,172	-	3,017	2,778	1,241	(19,157)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	37,530	(2,385)	-	(161,918)	(166,164)	(134,084)	(82,430)	(509,451)
Cash and investments - beginning	461,899	108,156	121,120	235,268	170,503	134,146	163,755	1,394,847
Cash and investments - ending	<u>\$ 499,429</u>	<u>\$ 105,771</u>	<u>\$ 121,120</u>	<u>\$ 73,350</u>	<u>\$ 4,339</u>	<u>\$ 62</u>	<u>\$ 81,325</u>	<u>\$ 885,396</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 499,429	\$ 105,771	\$ 121,120	\$ -	\$ 4,339	\$ 62	\$ 57,301	\$ 788,022
Restricted assets:								
Cash and investments	-	-	-	73,350	-	-	24,024	97,374
Total cash and investment assets - ending	<u>\$ 499,429</u>	<u>\$ 105,771</u>	<u>\$ 121,120</u>	<u>\$ 73,350</u>	<u>\$ 4,339</u>	<u>\$ 62</u>	<u>\$ 81,325</u>	<u>\$ 885,396</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 73,350	\$ -	\$ -	\$ 24,024	\$ 97,374
Unrestricted	499,429	105,771	121,120	-	4,339	62	57,301	788,022
Total cash and investment fund balance - ending	<u>\$ 499,429</u>	<u>\$ 105,771</u>	<u>\$ 121,120</u>	<u>\$ 73,350</u>	<u>\$ 4,339</u>	<u>\$ 62</u>	<u>\$ 81,325</u>	<u>\$ 885,396</u>

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

MONROE CENTRAL SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND
INVESTMENT BALANCES AND NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Pension <u>Trust Funds</u>	Private-Purpose <u>Trust Funds</u>
Additions Investment Earnings:		
Interest	\$ -	\$ 11,714
Deductions:		
Benefits	25,200	-
Administrative and general	<u>-</u>	<u>12,343</u>
Total deductions	<u>25,200</u>	<u>12,343</u>
Deficiency of total additions over total deductions	(25,200)	(629)
Cash and investment fund balance - beginning	<u>46,200</u>	<u>6,323</u>
Cash and investment fund balance - ending	<u>\$ 21,000</u>	<u>\$ 5,694</u>
Net assets:		
Cash and investments	<u>\$ 21,000</u>	<u>\$ 5,694</u>
Total net assets - cash and investment basis held in trust	<u>\$ 21,000</u>	<u>\$ 5,694</u>

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

MONROE CENTRAL SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND
INVESTMENT BALANCES AND NET ASSETS
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Contributions:		
Other	\$ -	\$ 4,520
Investment earnings:		
Interest	-	<u>8,612</u>
Total additions	<u>-</u>	<u>13,132</u>
Deductions:		
Benefits	21,000	-
Administrative and general	-	<u>18,825</u>
Total deductions	<u>21,000</u>	<u>18,825</u>
Deficiency of total additions over total deductions	(21,000)	(5,693)
Cash and investment fund balance - beginning	<u>21,000</u>	<u>5,694</u>
Cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1</u>
Net assets:		
Cash and investments	<u>\$ -</u>	<u>\$ 1</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1</u>

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

MONROE CENTRAL SCHOOL CORPORATION
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.

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 Randolph Central School Corporation, Randolph Eastern School Corporation, Randolph Southern School Corporation, and Liberty Perry School Corporation in a joint venture to operate the Greater Randolph Interlocal Cooperative which was created to provide programs and services to exceptional children. The School Corporation is obligated by contract to remit annually an equal share of the cost of administration and to pay only that portion of the cost for programs as that cost relates to the School Corporation's students. The Greater Randolph Interlocal Cooperative's continued existence depends on continued funding by the member School Corporations. Complete financial statements for the Greater Randolph Interlocal Cooperative can be obtained from the Randolph Central School Corporation, 325 South Oak Street, Suite L103, Winchester, Indiana, 47394.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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, liabilities, 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.

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 rainy day fund is used to account for funds in accordance with Indiana Code 36-1-8-5.1 and a locally adopted resolution.

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.

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 the individuals receiving the scholarships.

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. Receipts are recorded when received and disbursements are recorded when paid.

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.

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 December 31 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 5 to 10 days per year. Unused sick leave may be accumulated to a maximum of 30 to 162 days. Accumulated sick leave is paid to employees through cash payments upon termination.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days to 20 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 to 3 days per year. Unused personal leave may be accumulated to a maximum of 5 days. Balances over 5 days are transferred to sick leave.

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Capital Assets

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

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

6. 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.

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 and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

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.

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 reported as reimbursements.
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:

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 Statement of Activities and Net Assets – Cash and Investment Basis.

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.

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.

MONROE CENTRAL SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2006	2007
Textbook Rental	\$ 25,676	\$ 21,589
Teacher Mentor/Internship	528	-
94-142	30,133	28,082
Drug Free School and Communities	-	1,670

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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. 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 balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13. As of June 30, 2007, the School Corporation had no investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Transfer From	Transfer To	2006	2007
General Fund	Other governmental funds	\$ 8,949	\$ -
Debt Service Fund	Rainy Day Fund	25,000	\$ -
Debt Service Fund	Other governmental funds	3,017	-
Capital Projects Funds	Other governmental funds	2,778	-
Transportation Operating Funds	Other governmental funds	3,172	-
School Bus Replacement Funds	Other governmental funds	1,241	-
Other governmental funds	General Fund	11,067	8,949
	Debt Service Fund	-	3,017
	Capital Projects Funds	-	2,778
	Transportation Operating Funds	-	3,172
	School Bus Replacement	-	1,241
All others	Other governmental funds	12,706	946
Totals		<u>\$ 67,930</u>	<u>\$ 20,103</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; and natural disasters are covered by commercial insurance 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 are.

Medical Benefits to Employees, Retirees and Dependents

During 1996, the School Corporation joined with other governmental entities to form the Greater Randolph County Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for seven member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of medical benefits. The School Corporation pays an annual premium to the risk pool for its health insurance coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to a lifetime maximum of \$2,000,000 per individual.

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with Monroe Central School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$209,125 and \$211,670, respectively.

C. Subsequent Events

The School Corporation and the Monroe Central School Building Corporation have received approval from the Indiana Department of Local Government Finance to proceed with a renovation project for the Junior Senior High and the Elementary School Buildings. The School Corporation has borrowed \$995,000 from the Common School Loan at an interest rate of 4% over the next 20 years. The Monroe Central School Building Corporation is in the process of selling bonds in the approximate amount of \$3,570,000 and the School Corporation will enter into a capital lease to repay this debt over the next 17 years. The renovation project is scheduled to begin approximately June 9, 2008.

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 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

MONROE CENTRAL SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	\$ 42,819
Interest on net pension obligation	(2,595)
Adjustment to annual required contribution	2,957
Annual pension cost	43,181
Contributions made	44,089
Decrease in net pension obligation	(908)
Net pension obligation, beginning of year	(35,793)
Net pension obligation, end of year	\$ (36,701)
Contribution rates:	
School Corporation	6.00%
Plan members	3%
Actuarial valuation date	07-01-06
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

Actuarial Assumptions

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%

MONROE CENTRAL SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 43,967	111%	\$ (33,234)
	06-30-05	44,086	106%	(35,793)
	06-30-06	43,181	102%	(36,701)

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.

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, 2007, 2006, and 2005, were \$138,503, \$125,954, and \$117,795, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

MONROE CENTRAL SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 733,781	\$ 823,997	\$ (90,216)	89%	\$ 730,432	(12%)
07-01-05	770,656	835,458	(64,802)	92%	750,607	(9%)
07-01-06	828,284	878,787	(50,503)	94%	751,603	(7%)

MONROE CENTRAL SCHOOL CORPORATION
 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, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates
Receipts:					
Local sources	\$ 4,182	\$ 207,824	\$ 63,929	\$ -	\$ -
Intermediate sources	-	-	-	-	713
State sources	32,164	6,050	17,790	-	-
Federal sources	-	170,201	-	-	-
Total receipts	<u>36,346</u>	<u>384,075</u>	<u>81,719</u>	<u>-</u>	<u>713</u>
Disbursements:					
Current:					
Instruction	-	128,873	-	-	447
Support services	-	219,376	75,773	-	125
Nonprogrammed charges	35,845	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>35,845</u>	<u>348,249</u>	<u>75,773</u>	<u>-</u>	<u>572</u>
Excess (deficiency) of receipts over disbursements	<u>501</u>	<u>35,826</u>	<u>5,946</u>	<u>-</u>	<u>141</u>
Other financing sources (uses):					
Transfers in	-	-	-	20,103	-
Transfers out	(26)	-	-	(11,067)	-
Total other financing sources (uses)	<u>(26)</u>	<u>-</u>	<u>-</u>	<u>9,036</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	475	35,826	5,946	9,036	141
Cash and investments - beginning	<u>7,153</u>	<u>(12,703)</u>	<u>(31,622)</u>	<u>11,067</u>	<u>1,894</u>
Cash and investments - ending	<u>\$ 7,628</u>	<u>\$ 23,123</u>	<u>\$ (25,676)</u>	<u>\$ 20,103</u>	<u>\$ 2,035</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 7,628	\$ 23,123	\$ (25,676)	\$ 20,103	\$ 2,035
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 7,628</u>	<u>\$ 23,123</u>	<u>\$ (25,676)</u>	<u>\$ 20,103</u>	<u>\$ 2,035</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>7,628</u>	<u>23,123</u>	<u>(25,676)</u>	<u>20,103</u>	<u>2,035</u>
Total cash and investment fund balance - ending	<u>\$ 7,628</u>	<u>\$ 23,123</u>	<u>\$ (25,676)</u>	<u>\$ 20,103</u>	<u>\$ 2,035</u>

MONROE CENTRAL SCHOOL CORPORATION
 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, 2006
 (Continued)

	Safe School Haven	Early Intervention and Read Recovery	FY00 Tech Prep Staff Development	Teacher Mentor Internship	Gifted Talented
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	500	-	-	-
State sources	2,091	-	-	672	12,031
Federal sources	-	-	-	-	-
Total receipts	2,091	500	-	672	12,031
Disbursements:					
Current:					
Instruction	-	550	-	1,200	11,981
Support services	496	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	496	550	-	1,200	11,981
Excess (deficiency) of receipts over disbursements	1,595	(50)	-	(528)	50
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	1,595	(50)	-	(528)	50
Cash and investments - beginning	-	50	924	-	694
Cash and investments - ending	<u>\$ 1,595</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ (528)</u>	<u>\$ 744</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,595	\$ -	\$ 924	\$ (528)	\$ 744
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,595	\$ -	\$ 924	\$ (528)	\$ 744
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,595	-	924	(528)	744
Total cash and investment fund balance - ending	\$ 1,595	\$ -	\$ 924	\$ (528)	\$ 744

MONROE CENTRAL SCHOOL CORPORATION
 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, 2006
 (Continued)

	Education Technology Advance	State Medicaid Reimbursement	Technology Planning Grant	Title I	Title V
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	80,003	-	348	-	-
Federal sources	-	32	-	136,315	3,348
	<u>80,003</u>	<u>32</u>	<u>348</u>	<u>136,315</u>	<u>3,348</u>
Total receipts	80,003	32	348	136,315	3,348
Disbursements:					
Current:					
Instruction	200	-	1,475	125,760	19,385
Support services	72,483	240	6,460	16,309	2,869
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>72,683</u>	<u>240</u>	<u>7,935</u>	<u>142,069</u>	<u>22,254</u>
Total disbursements	72,683	240	7,935	142,069	22,254
Excess (deficiency) of receipts over disbursements	<u>7,320</u>	<u>(208)</u>	<u>(7,587)</u>	<u>(5,754)</u>	<u>(18,906)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	11,760
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,760</u>
Total other financing sources (uses)	-	-	-	-	11,760
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,320	(208)	(7,587)	(5,754)	(7,146)
Cash and investments - beginning	<u>13,992</u>	<u>208</u>	<u>27,976</u>	<u>14,664</u>	<u>18,934</u>
Cash and investments - ending	<u>\$ 21,312</u>	<u>\$ -</u>	<u>\$ 20,389</u>	<u>\$ 8,910</u>	<u>\$ 11,788</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 21,312	\$ -	\$ 20,389	\$ 8,910	\$ 11,788
Restricted assets:					
Cash and investments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	\$ 21,312	\$ -	\$ 20,389	\$ 8,910	\$ 11,788
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>21,312</u>	<u>-</u>	<u>20,389</u>	<u>8,910</u>	<u>11,788</u>
Total cash and investment fund balance - ending	\$ 21,312	\$ -	\$ 20,389	\$ 8,910	\$ 11,788

MONROE CENTRAL SCHOOL CORPORATION
 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, 2006
 (Continued)

	<u>94-142</u>	<u>Drug Free Schools and Communities</u>	<u>Vocational High Schools at Workboard</u>	<u>Federal Medicaid Reimbursement</u>	<u>Hurricane Recovery Grant</u>
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	<u>167,841</u>	<u>5,065</u>	<u>-</u>	<u>54</u>	<u>20,250</u>
Total receipts	<u>167,841</u>	<u>5,065</u>	<u>-</u>	<u>54</u>	<u>20,250</u>
Disbursements:					
Current:					
Instruction	173,467	12,798	-	500	20,250
Support services	29,213	1,032	-	57	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>202,680</u>	<u>13,830</u>	<u>-</u>	<u>557</u>	<u>20,250</u>
Excess (deficiency) of receipts over disbursements	<u>(34,839)</u>	<u>(8,765)</u>	<u>-</u>	<u>(503)</u>	<u>-</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(34,839)</u>	<u>(8,765)</u>	<u>-</u>	<u>(503)</u>	<u>-</u>
Cash and investments - beginning	<u>4,706</u>	<u>9,309</u>	<u>2,500</u>	<u>861</u>	<u>-</u>
Cash and investments - ending	<u><u>\$ (30,133)</u></u>	<u><u>\$ 544</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 358</u></u>	<u><u>\$ -</u></u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (30,133)	\$ 544	\$ 2,500	\$ 358	\$ -
Restricted assets:					
Cash and investments	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending	<u><u>\$ (30,133)</u></u>	<u><u>\$ 544</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 358</u></u>	<u><u>\$ -</u></u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(30,133)</u>	<u>544</u>	<u>2,500</u>	<u>358</u>	<u>-</u>
Total cash and investment fund balance - ending	<u><u>\$ (30,133)</u></u>	<u><u>\$ 544</u></u>	<u><u>\$ 2,500</u></u>	<u><u>\$ 358</u></u>	<u><u>\$ -</u></u>

MONROE CENTRAL SCHOOL CORPORATION
 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, 2006
 (Continued)

	Title IIA	Title II Part D Technology	Retirement Service	Construction	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 153,172	\$ -	\$ 429,107
Intermediate sources	5	-	-	-	1,218
State sources	-	-	-	-	151,149
Federal sources	47,571	2,753	-	-	553,430
Total receipts	47,576	2,753	153,172	-	1,134,904
Disbursements:					
Current:					
Instruction	32,093	1,225	-	-	530,204
Support services	2,161	3,850	-	-	430,444
Nonprogrammed charges	-	-	-	-	35,845
Debt services	-	-	148,539	-	148,539
Total disbursements	34,254	5,075	148,539	-	1,145,032
Excess (deficiency) of receipts over disbursements	13,322	(2,322)	4,633	-	(10,128)
Other financing sources (uses):					
Transfers in	-	-	-	-	31,863
Transfers out	(11,760)	-	(920)	-	(23,773)
Total other financing sources (uses)	(11,760)	-	(920)	-	8,090
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,562	(2,322)	3,713	-	(2,038)
Cash and investments - beginning	16,847	6,936	70,969	434	165,793
Cash and investments - ending	<u>\$ 18,409</u>	<u>\$ 4,614</u>	<u>\$ 74,682</u>	<u>\$ 434</u>	<u>\$ 163,755</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 18,409	\$ 4,614	\$ -	\$ 434	\$ 89,073
Restricted assets:					
Cash and investments	-	-	74,682	-	74,682
Total cash and investment assets - ending	<u>\$ 18,409</u>	<u>\$ 4,614</u>	<u>\$ 74,682</u>	<u>\$ 434</u>	<u>\$ 163,755</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ 74,682	\$ -	\$ 74,682
Unrestricted	18,409	4,614	-	434	89,073
Total cash and investment fund balance - ending	<u>\$ 18,409</u>	<u>\$ 4,614</u>	<u>\$ 74,682</u>	<u>\$ 434</u>	<u>\$ 163,755</u>

MONROE CENTRAL SCHOOL CORPORATION
 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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven
Receipts:						
Local sources	\$ 2,534	\$ 214,097	\$ 53,669	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	731	-
State sources	34,825	6,023	8,174	-	-	-
Federal sources	-	174,754	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>37,359</u>	<u>394,874</u>	<u>61,843</u>	<u>-</u>	<u>731</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	132,131	-	-	956	-
Support services	-	247,578	57,756	-	-	1,595
Nonprogrammed charges	38,500	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>38,500</u>	<u>379,709</u>	<u>57,756</u>	<u>-</u>	<u>956</u>	<u>1,595</u>
Excess (deficiency) of receipts over disbursements	<u>(1,141)</u>	<u>15,165</u>	<u>4,087</u>	<u>-</u>	<u>(225)</u>	<u>(1,595)</u>
Other financing sources (uses):						
Transfers in	26	-	-	-	-	-
Transfers out	-	-	-	(20,103)	-	-
Total other financing sources (uses)	<u>26</u>	<u>-</u>	<u>-</u>	<u>(20,103)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,115)</u>	<u>15,165</u>	<u>4,087</u>	<u>(20,103)</u>	<u>(225)</u>	<u>(1,595)</u>
Cash and investments - beginning	<u>7,628</u>	<u>23,123</u>	<u>(25,676)</u>	<u>20,103</u>	<u>2,035</u>	<u>1,595</u>
Cash and investments - ending	<u>\$ 6,513</u>	<u>\$ 38,288</u>	<u>\$ (21,589)</u>	<u>\$ -</u>	<u>\$ 1,810</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 6,513	\$ 38,288	\$ (21,589)	\$ -	\$ 1,810	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 6,513</u>	<u>\$ 38,288</u>	<u>\$ (21,589)</u>	<u>\$ -</u>	<u>\$ 1,810</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,513	38,288	(21,589)	-	1,810	-
Total cash and investment fund balance - ending	<u>\$ 6,513</u>	<u>\$ 38,288</u>	<u>\$ (21,589)</u>	<u>\$ -</u>	<u>\$ 1,810</u>	<u>\$ -</u>

MONROE CENTRAL SCHOOL CORPORATION
 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)

	Early Intervention and Read Recovery	Early Intervention and Reading Recovery	INSA Planning Grant	FY00 Tech Prep Staff Development	Teacher Mentor Internship	Gifted Talented
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	675	-	-	-	-
State sources	500	-	-	-	2,178	12,031
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	70
Total receipts	500	675	-	-	2,178	12,101
Disbursements:						
Current:						
Instruction	-	450	-	-	1,650	11,867
Support services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	450	-	-	1,650	11,867
Excess (deficiency) of receipts over disbursements	500	225	-	-	528	234
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	500	225	-	-	528	234
Cash and investments - beginning	-	-	-	924	(528)	744
Cash and investments - ending	<u>\$ 500</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ 978</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 500	\$ 225	\$ -	\$ 924	\$ -	\$ 978
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 500</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ 978</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	500	225	-	924	-	978
Total cash and investment fund balance - ending	<u>\$ 500</u>	<u>\$ 225</u>	<u>\$ -</u>	<u>\$ 924</u>	<u>\$ -</u>	<u>\$ 978</u>

MONROE CENTRAL SCHOOL CORPORATION
 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)

	Education Technology Advance	Technology Planning Grant	Title I	Title V	94-142
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	119,807	-	-	-	-
Federal sources	-	-	130,780	-	199,672
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	119,807	-	130,780	-	199,672
Disbursements:					
Current:					
Instruction	-	3,600	108,830	10,061	176,792
Support services	141,119	6,817	15,169	-	20,829
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	141,119	10,417	123,999	10,061	197,621
Excess (deficiency) of receipts over disbursements	(21,312)	(10,417)	6,781	(10,061)	2,051
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	(21,312)	(10,417)	6,781	(10,061)	2,051
Cash and investments - beginning	21,312	20,389	8,910	11,788	(30,133)
Cash and investments - ending	<u>\$ -</u>	<u>\$ 9,972</u>	<u>\$ 15,691</u>	<u>\$ 1,727</u>	<u>\$ (28,082)</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ -	\$ 9,972	\$ 15,691	\$ 1,727	\$ (28,082)
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 9,972</u>	<u>\$ 15,691</u>	<u>\$ 1,727</u>	<u>\$ (28,082)</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	9,972	15,691	1,727	(28,082)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 9,972</u>	<u>\$ 15,691</u>	<u>\$ 1,727</u>	<u>\$ (28,082)</u>

MONROE CENTRAL SCHOOL CORPORATION
 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)

	Drug Free Schools and Communities	Vocational High Schools at Workboard	Federal Medicaid Reimbursement	Hurricane Recovery Grant	Title IIA
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	3,786	-	-	20,250	46,434
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>3,786</u>	<u>-</u>	<u>-</u>	<u>20,250</u>	<u>46,434</u>
Disbursements:					
Current:					
Instruction	6,000	-	-	20,250	34,929
Support services	-	-	-	-	3,155
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>20,250</u>	<u>38,084</u>
Excess (deficiency) of receipts over disbursements	<u>(2,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,350</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,214)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,350</u>
Cash and investments - beginning	<u>544</u>	<u>2,500</u>	<u>358</u>	<u>-</u>	<u>18,409</u>
Cash and investments - ending	<u>\$ (1,670)</u>	<u>\$ 2,500</u>	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 26,759</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ (1,670)	\$ 2,500	\$ 358	\$ -	\$ 26,759
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (1,670)</u>	<u>\$ 2,500</u>	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 26,759</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>(1,670)</u>	<u>2,500</u>	<u>358</u>	<u>-</u>	<u>26,759</u>
Total cash and investment fund balance - ending	<u>\$ (1,670)</u>	<u>\$ 2,500</u>	<u>\$ 358</u>	<u>\$ -</u>	<u>\$ 26,759</u>

MONROE CENTRAL SCHOOL CORPORATION
 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 II Part D Technology	Retirement Service	Construction Advance	Construction	Totals
Receipts:					
Local sources	\$ -	\$ 96,741		\$ -	\$ 367,041
Intermediate sources	-	-		-	1,406
State sources	-	-	52,918	-	236,456
Federal sources	-	-		-	575,676
Sale of property, adjustments and refunds	-	-	-	-	70
Total receipts	-	96,741	52,918	-	1,180,649
Disbursements:					
Current:					
Instruction	2,642	-		-	510,158
Support services	9	-	52,918	-	546,945
Nonprogrammed charges	-	-		-	38,500
Debt services	-	148,319		-	148,319
Total disbursements	2,651	148,319	52,918	-	1,243,922
Excess (deficiency) of receipts over disbursements	(2,651)	(51,578)	-	-	(63,273)
Other financing sources (uses):					
Transfers in	-	920		-	946
Transfers out	-	-		-	(20,103)
Total other financing sources (uses)	-	920	-	-	(19,157)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,651)	(50,658)	-	-	(82,430)
Cash and investments - beginning	4,614	74,682	-	434	163,755
Cash and investments - ending	<u>\$ 1,963</u>	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 81,325</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 1,963	\$ -	\$ -	\$ 434	\$ 57,301
Restricted assets:					
Cash and investments	-	24,024	-	-	24,024
Total cash and investment assets - ending	<u>\$ 1,963</u>	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 81,325</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ 24,024	\$ -	\$ -	\$ 24,024
Unrestricted	1,963	-	-	434	57,301
Total cash and investment fund balance - ending	<u>\$ 1,963</u>	<u>\$ 24,024</u>	<u>\$ -</u>	<u>\$ 434</u>	<u>\$ 81,325</u>

MONROE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS,
 AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2006

	Retirement/ Severance Bond
Additions	\$ -
Deductions:	
Benefits	25,200
Deficiency of total additions over total deductions	(25,200)
Cash and investment fund balance - beginning	46,200
Cash and investment fund balance - ending	\$ 21,000
Net assets:	
Cash and investments	\$ 21,000
Total net assets - cash and investment basis held in trust	\$ 21,000

MONROE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS,
 AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond
Additions:	\$ -
Deductions:	
Benefits	21,000
Deficiency of total additions over total deductions	(21,000)
Cash and investment fund balance - beginning	21,000
Cash and investment fund balance - ending	\$ -
Net assets:	
Cash and investments	\$ -
Total net assets - cash and investment basis held in trust	\$ -

MONROE CENTRAL SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	JD Wilson Scholarship	Fodrea Scholarship	Totals
Additions Investment Earnings:	\$ 8,982	\$ 2,732	\$ 11,714
Deductions:			
Administrative and general	9,064	3,279	12,343
Deficiency of total additions over total deductions	(82)	(547)	(629)
Cash and investment fund balance - beginning	4,575	1,748	6,323
Cash and investments fund balance - ending	\$ 4,493	\$ 1,201	\$ 5,694
Net assets:			
Cash and investments	\$ 4,493	\$ 1,201	\$ 5,694
Total net assets - cash and investment basis held in trust	\$ 4,493	\$ 1,201	\$ 5,694

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

	<u>JD Wilson Scholarship</u>	<u>Fodrea Scholarship</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ -	\$ 4,520	\$ 4,520
Investment earnings:			
Interest	<u>8,612</u>	<u>-</u>	<u>8,612</u>
Total additions	<u>8,612</u>	<u>4,520</u>	<u>13,132</u>
Deductions:			
Administrative and general	<u>13,105</u>	<u>5,720</u>	<u>18,825</u>
Excess of total additions over total deductions	(4,493)	(1,200)	(5,693)
Cash and investment fund balance - beginning	<u>4,493</u>	<u>1,201</u>	<u>5,694</u>
Cash and investments fund balance - ending	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Net assets:			
Cash and investments	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ 1</u>

MONROE CENTRAL SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2007

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 18,403,091
Improvements other than buildings	287,060
Machinery and equipment	<u>3,244,652</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 21,934,803</u>

MONROE CENTRAL SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 For the Year Ended June 30, 2007

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:		
Junior Senior High School Classroom Project	\$ 495,000	\$ 208,795
Notes and loans payable	2,200,302	303,669
Bonds payable:		
Retirement Severance Bond	<u>1,645,000</u>	<u>146,294</u>
Total governmental activities debt	<u>\$ 4,340,302</u>	<u>\$ 658,758</u>

MONROE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ACADEMIC HONORS DIPLOMA - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates the number of students graduating with an Academic Honors Diploma (AHD) on Form Number 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2006.

The difference between the count reported on the ADM for AHD and the verified figures are shown below:

School Year	Count as Reported on Form No. 30A	Actual Enrollment Figures	Over Reported
SY 2005/2006	25	24	1

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

RECORDS OF HOURS WORKED

Monroe Central School Corporation and Union School Corporation entered into a joint program agreement for services for a shared Superintendent. Union School Corporation is required to reimburse Monroe Central School Corporation for a share of the superintendent's salary and benefits. A record of hours worked at each school was not presented for audit.

Indiana Code 5-11-9-4(b) states in part: ". . . records be maintained showing which hours were worked each day by officers and employees . . . employed by more than one (1) public agency or in more than one (1) position by the same public agency . . ."

CREDIT CARDS

We noted one instance where \$50 in fuel had been charged without being supported by a receipt. We also noted three instances where meals were paid from a charge slip without an itemized receipt being present.

The State Board of Accounts will not take exception to the use of credit cards by a governmental unit provided the following criteria are observed:

- (1) The governing board must authorize credit card use through an ordinance or resolution, which has been approved in the minutes.
- (2) Issuance and use should be handled by an official or employee designated by the board.
- (3) The purposes for which the credit card may be used must be specifically stated in the ordinance or resolution.
- (4) When the purpose for which the credit card has been issued has been accomplished, the card should be returned to the custody of the responsible person.

MONROE CENTRAL SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

- (5) The designated responsible official or employee should maintain an accounting system or log which would include the names of individuals requesting usage of the cards, their position, estimated amounts to be charged, fund and account numbers to be charged, date the card is issued and returned, etc.
- (6) Credit cards should not be used to bypass the accounting system. One reason that purchase orders are issued is to provide the fiscal officer with the means to encumber and track appropriations to provide the governing board and other officials with timely and accurate accounting information and monitoring of the accounting system.
- (7) Payment should not be made on the basis of a statement or a credit card slip only. Procedures for payments should be no different than for any other claim. Supporting documents such as paid bills and receipts must be available. Additionally, any interest or penalty incurred due to late filing or furnishing of documentation by an officer or employee should be the responsibility of that officer or employee.
- (8) If properly authorized, an annual fee may be paid.

(Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DISBURSEMENT DOCUMENTATION AND COLLECTION OF AMOUNTS DUE

Several payments were observed which did not contain adequate supporting documentation such as the detailed method of calculating services performed. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established. Monroe Central School Corporation overpaid the Greater Randolph Interlocal Cooperative for programs and services for exceptional children as follows:

	Calculated Annual Installment Due	Amount Installment Billed by Greater Randolph Interlocal Cooperative	Amount Overpaid and Due Monroe Central School Corporation
FY 2005/2006	\$ 66,661.30	\$ 68,262.02	\$ 1,600.72
FY 2006/2007	60,084.10	64,848.92	4,764.82
Totals	<u>\$ 126,745.40</u>	<u>\$ 133,110.94</u>	<u>\$ 6,365.54</u>

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit 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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Controls over the disbursing 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)

MONROE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CAPITAL ASSET RECORDS

Information presented for audit indicated that not all of the audit adjustments from prior years were recorded. The capital asset ledger has not been posted since June 30, 2005. No disposals have been recorded since the assets were compiled in 1997.

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)

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)

OVERDRAWN CASH BALANCES

The cash balances of the Textbook Rental Fund, Teacher Mentor/Internship Fund, and 94-142 Fund were overdrawn in 2005-2006 and the cash balances of the Textbook Rental Fund, 94-142 Fund, and Drug Free School and Communities Fund were overdrawn in 2006-2007.

The cash 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)

DEPOSITS – (Applies to Monroe Central Elementary School)

Two of the receipts examined were written for amounts which could not be verified to bank deposits. The receipts were marked as cash received but checks were deposited.

Indiana Code 5-13-6-1(c) states in part: "Public funds deposited . . . shall be deposited in the same form in which they were received."

ECA EDUCATIONAL FEES - (Applies to Junior Senior High School)

Some grant fund and donations for educational purposes were being receipted to and retained in an extra-curricular fund.

Indiana Code 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on

MONROE CENTRAL SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

OUTSIDE ORGANIZATIONS (Applies to Junior Senior High School)

Financial records indicate that monies from the outside organization "Bearbackers" were accounted for in the extra-curricular accounts.

Indiana Code 20-41-1-7 states in part: "The treasurer shall have charge of the custody and disbursement of any funds . . . incurred in conducting any athletic, social, or other school function (other than functions conducted solely by any organization of parents and teachers) . . ." Therefore, activities and organizations which are not extra-curricular in nature should be responsible for their own accounting and cash handling systems. The extra-curricular account should not collect, receipt, remit, or disburse outside organization's monies. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

CASH CHANGE FUND – (Applies to Junior Senior High School)

Cash change funds were included with collections when receipted back to the records. Therefore, we could not always determine if cash change was receipt back to the proper fund.

The governing board shall have authority to increase or decrease such fund and shall require the entire Cash Change Fund to be returned to the General Fund if and when it is no longer needed for the purpose established or when a change is made in the custodian of the fund [Indiana Code 36-1-8-2]. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 CENTRAL SCHOOL
CORPORATION, RANDOLPH COUNTY, INDIANA

Compliance

We have audited the compliance of the Monroe Central School Corporation (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, 2006 and 2007. 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, 2006 and 2007.

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)

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.

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.

Our consideration of the internal control over compliance 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. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response section of the report. 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

March 11, 2008

MONROE CENTRAL SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster	10.555			
School Breakfast Program			\$ 33,871	\$ 44,839
National School Lunch Program			<u>152,743</u>	<u>157,438</u>
Total for federal grantor agency			<u>186,614</u>	<u>202,277</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Greater Randolph Interlocal Cooperative				
Special Education Cluster				
Special Education Grants to States	84.027		1,316	-
		2004-05	198,078	10,703
		2005-06	-	<u>186,920</u>
		2006-07		
Total for cluster			<u>199,394</u>	<u>197,623</u>
Pass-Through Indiana Department of Education				
Hurricane Education Recovery	84.002		<u>20,250</u>	<u>20,250</u>
Title I Grants to Local Education Agencies	84.010			
		05-6820	26,424	-
		06-6820	115,605	20,210
		07-6820	-	<u>103,790</u>
Total for program			<u>142,029</u>	<u>124,000</u>
Drug Free Schools and Communities - State Grants	84.186			
		02-153	9,309	-
		05-120	4,521	544
		06-6820	-	<u>3,786</u>
Total for program			<u>13,830</u>	<u>4,330</u>
Title VI, Innovative Education Program Strategies	84.298			
		04-229	18,934	-
		05-253	3,320	<u>10,061</u>
Total for program			<u>22,254</u>	<u>10,061</u>
Enhancing Education Through Technology	84.318			
		SY 03-04	2,160	-
		SY 04-05	2,915	<u>2,650</u>
Total for program			<u>5,075</u>	<u>2,650</u>
Improving Teacher Quality State Grants	84.367			
		03-245	29,188	-
		05-238 SY 05-06	16,826	-
		06-6820 SY 06-07	-	<u>38,084</u>
Total for program			<u>46,014</u>	<u>38,084</u>
Total for federal grantor agency			<u>448,846</u>	<u>396,998</u>
Total federal awards expended			<u>\$ 635,460</u>	<u>\$ 599,275</u>

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

MONROE CENTRAL SCHOOL CORPORATION
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 Central School Corporation (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 School Corporation 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, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
Child Nutrition Cluster	10.555	\$ 16,414	\$ 27,523

MONROE CENTRAL SCHOOL CORPORATION
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
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions 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:

Name of Federal Program or Cluster

Child Nutrition Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

MONROE CENTRAL SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

MONROE CENTRAL SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 11, 2008, with Diana Hernly, Treasurer; Dr. Zach D. Rozelle, Superintendent of Schools; and Bob Chalfant, Vice President of the School Board. The official response has been made a part of this report and may be found on page 53.



Excellence
is our
Expectation

Monroe Central School Corporation

1918 North 1000 West
Parker City, IN 47368

DATE: March 17, 2008

Telephone 765-468-6868 Fax 765-468-6578

TO: Indiana State Board of Accounts
302 West Washington Street, Room E418
Indianapolis, Indiana 46204

Zach D. Rozelle
Superintendent
of Schools

FROM: Dr. Zach D. Rozelle

Lonnie Daniels
Director of Buildings
and Grounds

RE: Response to Audit

Melvin Craig
Director of
Transportation

I present the following comments regarding:

RECORDS OF HOURS WORKED

Diana Hernly
Treasurer

I respectfully disagree with this finding. I am employed solely by Monroe Central School Corporation. The amount of money paid to Monroe Central by Union School Corporation is determined by a formula based upon the ADM count and has nothing to do with time and / or hours spent at either location.

Cindy Perry
Deputy Treasurer

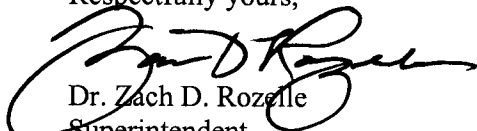
Speech language pathologists, physical therapist, occupational therapist, and other teachers employed by special education co-operatives, or by a single school corporation regularly provide services to schools in a number of different corporations and to my knowledge we have not been instructed to have them record the number of hours spent at each location. I feel as though my circumstance is no different.

DISBURSEMENT DOCUMENTATION AND COLLECTION OF AMOUNTS DUE

Monroe Central School Corporation belongs to the Greater Randolph Inter-local (special education) Cooperative (GRIC). It was noted that in 2005-06 and 2006-07 Monroe Central had been over billed by the cooperative and had not sought to recover those over billed amounts. Billings are based upon the percentage of participation established as per ADM. GRIC had a healthy General Fund in 05-06 and 06-07. Subsequently the GRIC Board of Directors voted to reduce the billing for 05-06 and 06-07 by 5%. This consequently lowered each participating corporation's payment for those two years. When 05-06 and 06-07 are calculated based upon the actual percentage for each of those years it would appear as though we were over billed and paid more than our share, however if one takes into account the 05-06 and 06-07 reductions the amounts balance. We have acquired documentation to support this action.

Thank you.

Respectfully yours,


Dr. Zach D. Rozelle
Superintendent

*"May all who enter here be trained to form habits of honesty, truthfulness, peace and industry;
to distinguish the substance from the shadow and to battle for the right"*