

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

MONROE-GREGG SCHOOL DISTRICT
MORGAN COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
03/01/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-10 to 12-31-13
Superintendent of Schools	Julie Wood William Roberson (Interim)	07-01-10 to 12-31-12 01-01-13 to 06-30-13
President of the School Board	Jim Shields Scott Everett Jack Elliott	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



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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

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

We have audited the accompanying financial statement of the Monroe-Gregg School District (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

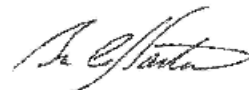
In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 13, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

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



Bruce Hartman
State Examiner

February 13, 2013



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

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

We have audited the financial statement of the Monroe-Gregg School District (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 13, 2013, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America. 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

Management of the School Corporation is responsible for establishing and maintaining effective 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 opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be material weaknesses.

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

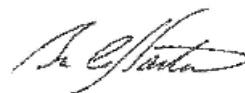
A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2012-1 to be significant deficiencies.

Compliance and Other Matters

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

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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.



Bruce Hartman
State Examiner

February 13, 2013

FINANCIAL STATEMENT

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments			Other Financing	Cash and Investments			Other Financing	Cash and Investments
	07-01-10	Receipts	Disbursements	Sources (Uses)	06-30-11	Receipts	Disbursements	Sources (Uses)	06-30-12
General	\$ 1,235,750	\$ 8,687,888	\$ 7,572,700	\$ (348,481)	\$ 2,002,457	\$ 8,614,149	\$ 7,550,435	\$ (3,315)	\$ 3,062,856
Debt Service	1,360,128	2,146,595	2,120,273	48,801	1,435,251	1,956,460	2,049,705	-	1,342,006
Retirement/Severance Bond Debt Service	44,563	162,582	135,902	-	71,243	160,509	146,862	-	84,890
Capital Projects	825,298	997,303	491,385	31,296	1,362,512	863,025	493,828	-	1,731,709
School Transportation	360,951	782,651	897,214	46,578	292,966	809,466	698,177	-	404,255
School Bus Replacement	565,034	589,247	215,387	(438,890)	500,004	369,267	250,104	-	619,167
Rainy Day	103,170	75,000	29,641	867,258	1,015,787	-	1,000	-	1,014,787
Retirement/Severance Bond	121,809	-	11,393	-	110,416	-	-	-	110,416
Construction	11,328	-	5,659	-	5,669	29,700	5,669	-	29,700
Common School Advance Construction	9,707	-	9,707	-	-	-	-	-	-
School Lunch	144,598	647,325	650,257	-	141,666	668,903	629,535	-	181,034
Textbook Rental	98,479	170,404	87,093	-	181,790	208,147	211,253	-	178,684
Levy Excess	67,189	21,173	-	(88,362)	-	-	-	-	-
Educational License Plates	131	-	131	-	-	-	-	-	-
Alternative Education	9,805	8,735	13,558	-	4,982	8,021	4,475	-	8,528
Recreational Activities	23	-	-	(23)	-	-	-	-	-
Red Ribbon 2010-2011	-	600	-	-	600	-	341	-	259
Red Ribbon 2011-2012	-	-	-	-	-	600	-	-	600
Red Ribbon 2009-2010	600	-	573	-	27	-	-	-	27
Construction, Remodeling, and Equipping Buildings	22,087	-	456	-	21,631	-	729	-	20,902
Miscellaneous Programs	30,164	12,000	-	-	42,164	12,000	-	-	54,164
Supplies Endowment	2,972	25	1,515	-	1,482	-	-	-	1,482
CFMS Art Grant	-	1,178	1,015	-	163	-	163	-	-
Kendrick Foundation	-	-	-	-	-	1,500	831	-	669
High Ability 2009-2010	8,999	-	8,246	-	753	-	753	-	-
High Ability 2010-2011	-	31,209	5,701	-	25,508	-	24,972	-	536
High Ability 2011-2012	-	-	-	-	-	30,259	10,692	-	19,567
Driver Education	3,976	7,409	3,638	-	7,747	9,100	10,574	-	6,273
Non-English Speaking Programs P.L. 273-1999	54	-	54	-	-	-	-	-	-

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

MONROE-GREGG SCHOOL DISTRICT
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012
(Continued)

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
School Technology	-	65,812	63,313	(3,699)	(1,200)	1,200	-	-	-
Connectivity Fund	-	3,050	-	3,699	6,749	5,869	12,618	-	-
Technology Grants [IC 20-40-15]	14,374	-	-	-	14,374	-	14,374	-	-
Performance Based Awards	3,238	-	-	-	3,238	-	-	-	3,238
Miscellaneous Programs	26	-	-	(26)	-	-	-	-	-
Excess PTRC Distributions	116,612	-	-	(116,612)	-	-	-	-	-
Olin Corporation Grant	20	-	-	(20)	-	-	-	-	-
Title I 2009-2010	4,996	-	-	(4,996)	-	-	-	-	-
Title I 2010-2011	-	181,293	183,852	4,996	2,437	-	(83)	(2,520)	-
Title I 2011-2012	-	-	-	-	-	174,289	172,660	2,520	4,149
Title V, Part A	16,771	-	-	-	16,771	-	-	-	16,771
Special Education Part B 2009-2010	2,439	-	2,439	-	-	-	-	-	-
Special Education Part B 2010-2011	-	248,967	278,528	-	(29,561)	26,597	1,171	4,135	-
Special Education Part B 2011-2012	-	-	-	-	-	278,740	277,142	-	1,598
Part B Preschool 2010-2011	-	8,800	9,619	-	(819)	819	-	-	-
Part B Preschool 2011-2012	-	-	-	-	-	10,109	10,109	-	-
Safe and Drug Free Schools 2009-2010	4,697	-	4,697	-	-	-	-	-	-
Safe and Drug Free Schools 2010-2011	-	10,755	10,685	-	70	-	70	-	-
Safe and Drug Free Schools 2008-2009	900	-	900	-	-	-	-	-	-
Team Nutrition Training Grants	-	6,075	6,075	-	-	-	-	-	-
Technology Related Assistance for Individuals With Disabilities	34	-	-	-	34	-	-	-	34
Medicaid Reimbursement - Federal	9,272	5,304	9,454	(1,519)	3,603	2,151	4,934	(820)	-
Improving Teaching Quality, No Child Left, Title II, Part A	30,097	44,363	52,557	-	21,903	-	21,903	-	-
Title II, Part A 2011-2012	-	-	-	-	-	-	36,113	-	(36,113)
Title I - Grants to LEAs	14,622	34,356	48,978	-	-	-	-	-	-
Special Education - Part B	21,995	29,281	60,368	-	(9,092)	9,212	120	-	-
Special Education - Part B - Preschool	1,476	2,333	4,507	-	(698)	999	301	-	-
Education Jobs	-	276,736	276,736	-	-	4,088	4,088	-	-
Payroll Withholding Clearing Accounts	47,806	2,028,678	2,029,557	-	46,927	2,015,759	2,031,623	-	31,063
Totals	\$ 5,316,190	\$ 17,287,127	\$ 15,303,763	\$ -	\$ 7,299,554	\$ 16,270,938	\$ 14,677,241	\$ -	\$ 8,893,251

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

MONROE-GREGG SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, school corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

F. Other Financing Sources and Uses

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

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

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

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

The Indiana Teacher's Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority

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

to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

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

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

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 1,235,750	\$ 1,360,128	\$ 44,563	\$ 825,298	\$ 360,951	\$ 565,034	\$ 103,170	\$ 121,809	\$ 11,328
Receipts:									
Local sources	159,063	2,146,595	162,582	997,203	782,634	589,247	75,000	-	-
Intermediate sources	16	-	-	100	17	-	-	-	-
State sources	8,528,809	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>8,687,888</u>	<u>2,146,595</u>	<u>162,582</u>	<u>997,303</u>	<u>782,651</u>	<u>589,247</u>	<u>75,000</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	4,611,081	-	-	-	-	-	-	-	-
Support services	2,897,559	-	-	194,195	657,698	215,387	29,641	11,393	-
Noninstructional services	64,060	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	297,190	-	-	-	-	5,659
Debt services	-	2,115,332	135,902	-	239,516	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other Disbursement	-	4,941	-	-	-	-	-	-	-
Total disbursements	<u>7,572,700</u>	<u>2,120,273</u>	<u>135,902</u>	<u>491,385</u>	<u>897,214</u>	<u>215,387</u>	<u>29,641</u>	<u>11,393</u>	<u>5,659</u>
Excess (deficiency) of receipts over disbursements	<u>1,115,188</u>	<u>26,322</u>	<u>26,680</u>	<u>505,918</u>	<u>(114,563)</u>	<u>373,860</u>	<u>45,359</u>	<u>(11,393)</u>	<u>(5,659)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	1,519	56,344	-	31,296	46,578	11,110	867,258	-	-
Transfers out	(350,000)	(7,543)	-	-	-	(450,000)	-	-	-
Total other financing sources (uses)	<u>(348,481)</u>	<u>48,801</u>	<u>-</u>	<u>31,296</u>	<u>46,578</u>	<u>(438,890)</u>	<u>867,258</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>766,707</u>	<u>75,123</u>	<u>26,680</u>	<u>537,214</u>	<u>(67,985)</u>	<u>(65,030)</u>	<u>912,617</u>	<u>(11,393)</u>	<u>(5,659)</u>
Cash and investments - ending	<u>\$ 2,002,457</u>	<u>\$ 1,435,251</u>	<u>\$ 71,243</u>	<u>\$ 1,362,512</u>	<u>\$ 292,966</u>	<u>\$ 500,004</u>	<u>\$ 1,015,787</u>	<u>\$ 110,416</u>	<u>\$ 5,669</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Common School Advance Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Recreational Activities	Red Ribbon 2010-2011	Red Ribbon 2011-2012
Cash and investments - beginning	\$ 9,707	\$ 144,598	\$ 98,479	\$ 67,189	\$ 131	\$ 9,805	\$ 23	\$ -	\$ -
Receipts:									
Local sources	-	414,457	137,072	21,173	-	-	-	600	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	7,021	33,332	-	-	8,735	-	-	-
Federal sources	-	225,847	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	647,325	170,404	21,173	-	8,735	-	600	-
Disbursements:									
Current:									
Instruction	-	-	-	-	131	158	-	-	-
Support services	-	-	87,093	-	-	-	-	-	-
Noninstructional services	-	650,257	-	-	-	-	-	-	-
Facilities acquisition and construction	9,707	-	-	-	-	13,400	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other Disbursement	-	-	-	-	-	-	-	-	-
Total disbursements	9,707	650,257	87,093	-	131	13,558	-	-	-
Excess (deficiency) of receipts over disbursements	(9,707)	(2,932)	83,311	21,173	(131)	(4,823)	-	600	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(88,362)	-	-	(23)	-	-
Total other financing sources (uses)	-	-	-	(88,362)	-	-	(23)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,707)	(2,932)	83,311	(67,189)	(131)	(4,823)	(23)	600	-
Cash and investments - ending	\$ -	\$ 141,666	\$ 181,790	\$ -	\$ -	\$ 4,982	\$ -	\$ 600	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Red Ribbon 2009-2010	Construction Remodeling and Equipping Buildings	Miscellaneous Programs	Supplies Endowment	CFMS Art Grant	Kendrick Foundation	High Ability 2009-2010	High Ability 2010-2011	High Ability 2011-2012
Cash and investments - beginning	\$ 600	\$ 22,087	\$ 30,164	\$ 2,972	\$ -	\$ -	\$ 8,999	\$ -	\$ -
Receipts:									
Local sources	-	-	12,000	25	1,178	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	31,209	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	12,000	25	1,178	-	-	31,209	-
Disbursements:									
Current:									
Instruction	573	456	-	1,515	879	-	8,246	5,655	-
Support services	-	-	-	-	136	-	-	46	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other Disbursement	-	-	-	-	-	-	-	-	-
Total disbursements	573	456	-	1,515	1,015	-	8,246	5,701	-
Excess (deficiency) of receipts over disbursements	(573)	(456)	12,000	(1,490)	163	-	(8,246)	25,508	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(573)	(456)	12,000	(1,490)	163	-	(8,246)	25,508	-
Cash and investments - ending	\$ 27	\$ 21,631	\$ 42,164	\$ 1,482	\$ 163	\$ -	\$ 753	\$ 25,508	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Driver Education	Non-English Speaking Programs P.L. 273-1999	School Technology	Connectivity Fund	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Excess PTRC Distributions
Cash and investments - beginning	\$ 3,976	\$ 54	\$ -	\$ -	\$ 14,374	\$ 3,238	\$ 26	\$ 116,612
Receipts:								
Local sources	7,409	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	65,812	3,050	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	7,409	-	65,812	3,050	-	-	-	-
Disbursements:								
Current:								
Instruction	1,929	54	-	-	-	-	-	-
Support services	1,709	-	6,369	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	56,944	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other Disbursement	-	-	-	-	-	-	-	-
Total disbursements	3,638	54	63,313	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	3,771	(54)	2,499	3,050	-	-	-	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	3,699	-	-	-	-
Transfers out	-	-	(3,699)	-	-	-	(26)	(116,612)
Total other financing sources (uses)	-	-	(3,699)	3,699	-	-	(26)	(116,612)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,771	(54)	(1,200)	6,749	-	-	(26)	(116,612)
Cash and investments - ending	\$ 7,747	\$ -	\$ (1,200)	\$ 6,749	\$ 14,374	\$ 3,238	\$ -	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Olin Corporation Grant	Title I 2009-2010	Title I 2010-2011	Title I 2011-2012	Title V Part A	Special Education Part B 2009-2010	Special Education Part B 2010-2011	Special Education Part B 2011-2012
Cash and investments - beginning	\$ 20	\$ 4,996	\$ -	\$ -	\$ 16,771	\$ 2,439	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	181,293	-	-	-	248,967	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	181,293	-	-	-	248,967	-
Disbursements:								
Current:								
Instruction	-	-	183,852	-	-	2,439	278,528	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other Disbursement	-	-	-	-	-	-	-	-
Total disbursements	-	-	183,852	-	-	2,439	278,528	-
Excess (deficiency) of receipts over disbursements	-	-	(2,559)	-	-	(2,439)	(29,561)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	4,996	-	-	-	-	-
Transfers out	(20)	(4,996)	-	-	-	-	-	-
Total other financing sources (uses)	(20)	(4,996)	4,996	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(20)	(4,996)	2,437	-	-	(2,439)	(29,561)	-
Cash and investments - ending	\$ -	\$ -	\$ 2,437	\$ -	\$ 16,771	\$ -	\$ (29,561)	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Part B Preschool 2010-2011	Part B Preschool 2011-2012	Safe And Drug Free Schools 2009-2010	Safe And Drug Free Schools 2010-2011	Safe And Drug Free Schools 2008-2009	Team Nutrition Training Grants	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ -	\$ -	\$ 4,697	\$ -	\$ 900	\$ -	\$ 34	\$ 9,272
Receipts:								
Local sources	-	-	-	100	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	10,655	-	-	-	-
Federal sources	8,800	-	-	-	-	6,075	-	5,304
Other	-	-	-	-	-	-	-	-
Total receipts	8,800	-	-	10,755	-	6,075	-	5,304
Disbursements:								
Current:								
Instruction	9,619	-	4,697	10,685	900	6,075	-	480
Support services	-	-	-	-	-	-	-	7,876
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	1,098
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other Disbursement	-	-	-	-	-	-	-	-
Total disbursements	9,619	-	4,697	10,685	900	6,075	-	9,454
Excess (deficiency) of receipts over disbursements	(819)	-	(4,697)	70	(900)	-	-	(4,150)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(1,519)
Total other financing sources (uses)	-	-	-	-	-	-	-	(1,519)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(819)	-	(4,697)	70	(900)	-	-	(5,669)
Cash and investments - ending	\$ (819)	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 34	\$ 3,603

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2011-2012	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings Clearing Accounts	Totals
Cash and investments - beginning	\$ 30,097	\$ -	\$ 14,622	\$ 21,995	\$ 1,476	\$ -	\$ 47,806	\$ 5,316,190
Receipts:								
Local sources	-	-	-	-	-	-	-	5,506,338
Intermediate sources	-	-	-	-	-	-	-	133
State sources	-	-	-	-	-	-	-	8,688,623
Federal sources	44,363	-	34,356	29,041	2,333	276,736	-	1,063,115
Other	-	-	-	240	-	-	2,028,678	2,028,918
Total receipts	44,363	-	34,356	29,281	2,333	276,736	2,028,678	17,287,127
Disbursements:								
Current:								
Instruction	52,557	-	48,976	56,560	4,728	203,874	-	5,494,647
Support services	-	-	2	3,808	(221)	72,461	-	4,185,152
Noninstructional services	-	-	-	-	-	401	-	714,718
Facilities acquisition and construction	-	-	-	-	-	-	-	383,998
Debt services	-	-	-	-	-	-	-	2,490,750
Nonprogrammed charges	-	-	-	-	-	-	2,029,557	2,029,557
Other Disbursement	-	-	-	-	-	-	-	4,941
Total disbursements	52,557	-	48,978	60,368	4,507	276,736	2,029,557	15,303,763
Excess (deficiency) of receipts over disbursements	(8,194)	-	(14,622)	(31,087)	(2,174)	-	(879)	1,983,364
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	1,022,800
Transfers out	-	-	-	-	-	-	-	(1,022,800)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,194)	-	(14,622)	(31,087)	(2,174)	-	(879)	1,983,364
Cash and investments - ending	\$ 21,903	\$ -	\$ -	\$ (9,092)	\$ (698)	\$ -	\$ 46,927	\$ 7,299,554

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,002,457	\$ 1,435,251	\$ 71,243	\$ 1,362,512	\$ 292,966	\$ 500,004	\$ 1,015,787	\$ 110,416	\$ 5,669
Receipts:									
Local sources	131,547	1,953,628	160,509	857,747	808,806	369,267	-	-	-
Intermediate sources	5	-	-	-	-	-	-	-	-
State sources	8,480,265	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	29,700
Other	2,332	2,832	-	5,278	660	-	-	-	-
Total receipts	8,614,149	1,956,460	160,509	863,025	809,466	369,267	-	-	29,700
Disbursements:									
Current:									
Instruction	4,713,867	-	-	-	-	-	-	-	-
Support services	2,766,543	-	-	255,881	698,177	250,104	1,000	-	-
Noninstructional services	70,025	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	237,947	-	-	-	-	5,669
Debt services	-	2,044,496	146,862	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other disbursements	-	5,209	-	-	-	-	-	-	-
Total disbursements	7,550,435	2,049,705	146,862	493,828	698,177	250,104	1,000	-	5,669
Excess (deficiency) of receipts over disbursements	1,063,714	(93,245)	13,647	369,197	111,289	119,163	(1,000)	-	24,031
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	820	-	-	-	-	-	-	-	-
Transfers out	(4,135)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(3,315)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,060,399	(93,245)	13,647	369,197	111,289	119,163	(1,000)	-	24,031
Cash and investments - ending	\$ 3,062,856	\$ 1,342,006	\$ 84,890	\$ 1,731,709	\$ 404,255	\$ 619,167	\$ 1,014,787	\$ 110,416	\$ 29,700

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Common School Advance Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Alternative Education	Recreational Activities	Red Ribbon 2010-2011	Red Ribbon 2011-2012
Cash and investments - beginning	\$ -	\$ 141,666	\$ 181,790	\$ -	\$ -	\$ 4,982	\$ -	\$ 600	\$ -
Receipts:									
Local sources	-	427,190	172,452	-	-	-	-	-	600
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	7,045	35,695	-	-	8,021	-	-	-
Federal sources	-	234,668	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	668,903	208,147	-	-	8,021	-	-	600
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	341	-
Support services	-	-	211,253	-	-	-	-	-	-
Noninstructional services	-	629,535	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	4,475	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	629,535	211,253	-	-	4,475	-	341	-
Excess (deficiency) of receipts over disbursements	-	39,368	(3,106)	-	-	3,546	-	(341)	600
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	39,368	(3,106)	-	-	3,546	-	(341)	600
Cash and investments - ending	\$ -	\$ 181,034	\$ 178,684	\$ -	\$ -	\$ 8,528	\$ -	\$ 259	\$ 600

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Red Ribbon 2009-2010	Construction Remodeling and Equipping Buildings	Miscellaneous Programs	Supplies Endowment	CFMS Art Grant	Kendrick Foundation	High Ability 2009-2010	High Ability 2010-2011	High Ability 2011-2012
Cash and investments - beginning	\$ 27	\$ 21,631	\$ 42,164	\$ 1,482	\$ 163	\$ -	\$ 753	\$ 25,508	\$ -
Receipts:									
Local sources	-	-	12,000	-	-	1,500	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	30,259
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	12,000	-	-	1,500	-	-	30,259
Disbursements:									
Current:									
Instruction	-	729	-	-	-	831	753	24,972	10,616
Support services	-	-	-	-	163	-	-	-	26
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	50
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-	-
Total disbursements	-	729	-	-	163	831	753	24,972	10,692
Excess (deficiency) of receipts over disbursements	-	(729)	12,000	-	(163)	669	(753)	(24,972)	19,567
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(729)	12,000	-	(163)	669	(753)	(24,972)	19,567
Cash and investments - ending	\$ 27	\$ 20,902	\$ 54,164	\$ 1,482	\$ -	\$ 669	\$ -	\$ 536	\$ 19,567

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Driver Education	Non-English Speaking Programs P.L. 273-1999	School Technology	Connectivity Fund	Technology Grants [IC 20-40-15]	Performance Based Awards	Miscellaneous Programs	Excess PTRC Distributions
Cash and investments - beginning	\$ 7,747	\$ -	\$ (1,200)	\$ 6,749	\$ 14,374	\$ 3,238	\$ -	\$ -
Receipts:								
Local sources	9,100	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	1,200	5,869	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>9,100</u>	<u>-</u>	<u>1,200</u>	<u>5,869</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	8,215	-	-	-	-	-	-	-
Support services	2,359	-	-	12,618	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	14,374	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	<u>10,574</u>	<u>-</u>	<u>-</u>	<u>12,618</u>	<u>14,374</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,474)</u>	<u>-</u>	<u>1,200</u>	<u>(6,749)</u>	<u>(14,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,474)</u>	<u>-</u>	<u>1,200</u>	<u>(6,749)</u>	<u>(14,374)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,273</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,238</u>	<u>\$ -</u>	<u>\$ -</u>

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Olin Corporation Grant	Title I 2009-2010	Title I 2010-2011	Title I 2011-2012	Title V Part A	Special Education Part B 2009-2010	Special Education Part B 2010-2011	Special Education Part B 2011-2012
Cash and investments - beginning	\$ -	\$ -	\$ 2,437	\$ -	\$ 16,771	\$ -	\$ (29,561)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	174,289	-	-	26,597	278,740
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	174,289	-	-	26,597	278,740
Disbursements:								
Current:								
Instruction	-	-	(83)	172,660	-	-	1,171	277,142
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	-	(83)	172,660	-	-	1,171	277,142
Excess (deficiency) of receipts over disbursements	-	-	83	1,629	-	-	25,426	1,598
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	2,520	-	-	4,135	-
Transfers out	-	-	(2,520)	-	-	-	-	-
Total other financing sources (uses)	-	-	(2,520)	2,520	-	-	4,135	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,437)	4,149	-	-	29,561	1,598
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,149	\$ 16,771	\$ -	\$ -	\$ 1,598

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Part B Preschool 2010-2011	Part B Preschool 2011-2012	Safe And Drug Free Schools 2009-2010	Safe And Drug Free Schools 2010-2011	Safe And Drug Free Schools 2008-2009	Team Nutrition Training Grants	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement Federal
Cash and investments - beginning	\$ (819)	\$ -	\$ -	\$ 70	\$ -	\$ -	\$ 34	\$ 3,603
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	819	10,109	-	-	-	-	-	2,151
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	819	10,109	-	-	-	-	-	2,151
Disbursements:								
Current:								
Instruction	-	10,109	-	70	-	-	-	2,825
Support services	-	-	-	-	-	-	-	2,081
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	28
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Other disbursements	-	-	-	-	-	-	-	-
Total disbursements	-	10,109	-	70	-	-	-	4,934
Excess (deficiency) of receipts over disbursements	819	-	-	(70)	-	-	-	(2,783)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(820)
Total other financing sources (uses)	-	-	-	-	-	-	-	(820)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	819	-	-	(70)	-	-	-	(3,603)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ -

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Improving Teaching Quality No Child Left Title II, Part A	Title II Part A 2011-2012	Title I Grants to LEAs	Special Education Part B	Special Education Part B Preschool	Education Jobs	Payroll Withholdings Clearing Accounts	Totals
Cash and investments - beginning	\$ 21,903	\$ -	\$ -	\$ (9,092)	\$ (698)	\$ -	\$ 46,927	\$ 7,299,554
Receipts:								
Local sources	-	-	-	-	-	-	-	4,904,346
Intermediate sources	-	-	-	-	-	-	-	5
State sources	-	-	-	-	-	-	-	8,568,354
Federal sources	-	-	-	11,492	999	4,088	-	743,952
Temporary loans	-	-	-	-	-	-	-	29,700
Other	-	-	-	(2,280)	-	-	2,015,759	2,024,581
Total receipts	-	-	-	9,212	999	4,088	2,015,759	16,270,938
Disbursements:								
Current:								
Instruction	21,903	36,113	-	120	301	4,088	-	5,286,743
Support services	-	-	-	-	-	-	-	4,200,205
Noninstructional services	-	-	-	-	-	-	-	699,560
Facilities acquisition and construction	-	-	-	-	-	-	-	262,543
Debt services	-	-	-	-	-	-	-	2,191,358
Nonprogrammed charges	-	-	-	-	-	-	2,031,623	2,031,623
Other disbursements	-	-	-	-	-	-	-	5,209
Total disbursements	21,903	36,113	-	120	301	4,088	2,031,623	14,677,241
Excess (deficiency) of receipts over disbursements	(21,903)	(36,113)	-	9,092	698	-	(15,864)	1,593,697
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	7,475
Transfers out	-	-	-	-	-	-	-	(7,475)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,903)	(36,113)	-	9,092	698	-	(15,864)	1,593,697
Cash and investments - ending	\$ -	\$ (36,113)	\$ -	\$ -	\$ -	\$ -	\$ 31,063	\$ 8,893,251

MONROE-GREGG SCHOOL DISTRICT
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2012

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year	Fund/ Department
Capital leases:			
Grade school Building Lease	\$ 9,854,429	\$ 969,000	Debt Service
Energy Savings Improvements QSCB	1,750,000	354,491	Debt Service
Notes and loans payable			
Common School Loan A0515	7,387,576	579,374	Debt Service
Common School Loan A1561 Technology	29,700	15,164	Debt Service
Bonds payable:			
General obligation bonds:			
Capital Improvements	1,940,000	209,954	Debt Service
Pension Bonds	<u>1,035,000</u>	<u>142,180</u>	Retirement/Severance Bond Debt Service
Total debt	<u>\$ 21,996,705</u>	<u>\$ 2,270,162</u>	

MONROE-GREGG SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,623,164
Buildings	39,427,500
Machinery and equipment	1,276,919
Transportation equipment	<u>1,980,680</u>
Total capital assets not being depreciated	<u>\$ 44,308,263</u>

MONROE-GREGG SCHOOL DISTRICT
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS

The controls over the receipting, disbursing, recording, and accounting for the financial activities were insufficient.

Lack of Segregation of Duties: The school has not separated incompatible activities related to cash and investment balances and corporation receipts. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements.

School Lunch Receipts: School lunch receipts were not deposited intact. Control over receipts and deposits should be in place to ensure all monies received are deposited.

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

CONDITION OF RECORDS

Financial records of Monrovia High School, Monrovia Middle School, and Monrovia Elementary School, presented for audit were incomplete and not reflective of the activity of the Textbook Rental Fund. The records presented did not provide sufficient information to audit or establish receipts, or the accuracy or correctness of the transactions.

The schools used two systems to account for textbook rental during the audit period. Both systems contained missing textbook rental receipt numbers or TBRs.

The schools did not indicate what TBR numbers were being deposited on the deposit slips, thus making it difficult to determine when the selected textbook rental receipt was deposited.

Monrovia Middle School and Monrovia Elementary School did not print out their TBR's for audit purposes, and they could not go back and print them for the audit period.

Monrovia Middle School had instances where the attached documentation of amounts received was more than what was deposited. There was also an instance where a textbook receipt could not be verified as being deposited.

At all times, the manual and/or computerized records, subsidiary ledgers, control ledger, and reconciled bank balance should agree. If the reconciled bank balance is less than the subsidiary or control ledgers, then the responsible official or employee may be held personally responsible for the amount needed to balance the fund. (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)

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 THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Monroe-Gregg School District's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2.

Internal Control Over Compliance

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 to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

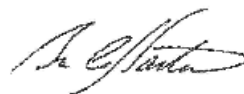
INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2012-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, 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.



Bruce Hartman
State Examiner

February 13, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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 06-30-11	Total Federal Awards Expended 06-30-12
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 10-11 FY 11-12	\$ 33,010 -	\$ - 41,440
Total for program			<u>33,010</u>	<u>41,440</u>
National School Lunch Program	10.555	FY 10-11 FY 11-12	227,525 -	- 236,811
Total for program			<u>227,525</u>	<u>236,811</u>
Total for cluster			<u>260,535</u>	<u>278,251</u>
Team Nutrition Training Grant	10.574	EDS #A58-0-10SS-072	6,075	-
Total for federal grantor agency			<u>266,610</u>	<u>278,251</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I, Part A Cluster Title I Grants To Local Educational Agencies	84.010	11-5900 12-5900	183,770 -	- 172,659
Total for program			<u>183,770</u>	<u>172,659</u>
ARRA - Title I Grants To Local Educational Agencies, Recovery Act	84.389	School Year 2010-2011	48,978	-
Total for cluster			<u>232,748</u>	<u>172,659</u>
Pass-Through Metropolitan School District of Wayne Township, Marion County Special Education Cluster Special Education - Grants to States	84.027	14210-063-PN01 14211-063-PN01 14212-063-PN01	2,439 248,967 -	- 26,598 277,142
Total for program			<u>251,406</u>	<u>303,740</u>
Special Education - Preschool Grants	84.173	14211-063-PN01 14212-063-PN01	8,800 -	818 10,109
Total for program			<u>8,800</u>	<u>10,927</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	School Years 2010 - 2012	51,276	9,211
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	School Years 2010 - 2012	3,809	999
Total for cluster			<u>315,291</u>	<u>324,877</u>
Pass-Through Indiana Department of Education Education Jobs Fund	84.410	School Years 2010 - 2012	276,736	4,088
Safe and Drug-Free Schools and Communities - State Grants	84.186	SY 08-09 SY 09-10	900 4,697	- -
Total for program			<u>5,597</u>	<u>-</u>
Improving Teacher Quality State Grants	84.367	10-5900	52,557	21,903
Total for federal grantor agency			<u>882,929</u>	<u>523,527</u>
Total federal awards expended			<u>\$ 1,149,539</u>	<u>\$ 801,778</u>

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

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Monroe-Gregg School District (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 Indiana Code (IC 5-11-1 et seq.), audits of a school corporation shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2011	2012
School Breakfast Program	10.553	\$ 4,395	\$ 6,482
National School Lunch Program	10.555	30,293	37,031

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	yes
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 OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2012-1 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Management of the School Corporation has not established an effective internal control system over financial transactions and reporting.

We believe the following deficiencies constitute a material weakness:

Lack of Segregation of Duties: The school has not separated incompatible activities related to cash and investments and receipts. Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements.

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

Textbook Rental Receipts: Textbook rental receipts have receipt numbers missing throughout both audit years. By not having controls in place to account for all receipts numbers, the School Corporation has no assurance that all monies for textbook rental received have been properly recorded and deposited.

We believe the following deficiency constitutes a significant deficiency:

School Lunch Receipts: School lunch receipts were not deposited intact. Control over receipts and deposits should be in place to ensure all monies received are deposited.

The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

Section III – Federal Award Findings and Questioned Costs

FINDING 2012-2 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education
Federal Program: Special Education - Grants to States, Special Education - Preschool Grants, ARRA -Special Education - Grants to States, and ARRA - Special Education - Preschool Grants
CFDA Number: 84.027/84.173/84.391/84.392
Federal Award Number and Year (or Other Identifying Number): 14210-063-PN-01; 14211-063-PN01; 14212-063-PN01; 14211-063-PN01; 14212-063-PN01; School Years 2010-2011; 2011-2012
Pass-Through Entity: Metropolitan School District of Wayne Township, Marion County

Management of the School Corporation has not established an effective internal control system over compliance for allowable costs/cost principles. The failure to establish an effective internal control system places the school at risk of material noncompliance.

The School Corporation was required to maintain time and effort reports on all full and part time employees paid from the Special Education grants. No time and effort reports were maintained during the audit period.

OMB circular A 87, Attachment B, item 8(h), states in part:

"(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi- annually and will be signed by the employee or

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

supervisory official having first -hand knowledge of the work performed by the employee. (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. . . ."

OMB Circular A-133, Subpart C, section .300(b) states:

"The auditee shall: (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls to ensure all grant requirements are complied with.

Monroe-Gregg Schools

135 S. Chestnut Street
P.O. Box 468
Monrovia, IN 46157
Phone (317) 996-3720
Fax (317) 996-2977



CORRECTIVE ACTION PLAN

February 14, 2013

Contact Person: Kelly Dillon, dillonk@m-gsd.org, 317-996-3720 x1

Section II – Financial Statement Findings

Finding 2012-1- INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

- Lack of Segregation of Duties - Response: Corporation Treasurer will ensure that the Superintendent of the District review and sign off on the Bank Statement each month.
- Textbook Rental Receipts – Response: Corporation Treasurer will instruct that all textbook rental receipts are printed twice. One receipt will be attached with the deposit and one will be filed in numeric order for the audit period.
- School Lunch Receipts – Response: Corporation Treasurer will instruct our Food Service Manager that all receipts are recorded accurately. Cash and checks will be entered in system in the manner in which they are received. All deposits will have two verifying amount signatures.

Section III – Federal Award Findings and Questioned Cost

FINDING 2012-2- ALLOWABLE COSTS/COST PRINCIPLES

Federal agency: Department of Education

Federal Program: Special Education/Special Education Preschool/Special Education Recovery Act/Special Education Preschool Recovery Act

CFDA Number: 84.027/84.173/84.391/84.392

Federal Award Number and Year (or Other Identifying Number): 2009/2010; 2010/2011; 2011/2012

Pass-Through Entity: Metropolitan School District of Wayne Township, Marion County

- Response: Corporation Management will establish controls to ensure all grant requirements are complied with.

A handwritten signature in black ink, appearing to read "Kelly Dillon".

Kelly Dillon, Corporation Treasurer

MONROE-GREGG SCHOOL DISTRICT
EXIT CONFERENCE

The contents of this report were discussed on February 14, 2013, with Kelly Dillon, Treasurer; William Roberson, Interim Superintendent of Schools; and Jack Elliott, President of School Board. The officials concurred with our audit findings.