

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, 2012 to June 30, 2014



FILED
05/06/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-12 to 06-30-16
Superintendent of Schools	Julie Wood Dr. William Roberson	07-01-12 to 12-31-12 01-01-13 to 12-31-16
President of the School Board	Scott Everett Jack Elliot Tim Pridemore Scott Everett	07-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-16



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Monroe-Gregg School District (School District), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School District's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR 'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School District prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School District for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School District for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR 'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 2, 2016, on our consideration of the School District'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* in considering the School District's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 2, 2016



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Monroe-Gregg School District (School District), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 2, 2016, wherein we noted the School District followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not 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.

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 items 2014-001 and 2014-002 to be material weaknesses.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District'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

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


provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Monroe-Gregg School District's Response to Findings

The School District's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School District's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 2, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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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, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,062,857	\$ 8,786,183	\$ 8,176,884	\$ (498,454)	\$ 3,173,702	\$ 8,946,318	\$ 8,736,104	\$ (222,141)	\$ 3,161,775
Debt Service	1,342,006	1,821,629	2,200,148	-	963,487	1,828,764	2,078,256	-	713,995
Retirement/Severance Bond Debt Service	84,890	142,504	70,502	-	156,892	106,551	220,168	-	43,275
Capital Projects	1,731,712	887,554	981,991	-	1,637,275	931,758	976,688	-	1,592,345
School Transportation	404,256	855,694	748,360	761	512,351	874,941	841,894	-	545,398
School Bus Replacement	619,170	278,975	175,876	-	722,269	282,137	247,201	-	757,205
Rainy Day	1,014,788	-	80,778	380,000	1,314,010	-	124,642	227,728	1,417,096
Retirement/Severance Bond	110,416	11,260	22,520	120,000	219,156	-	20,935	-	198,221
Common School Tech Loan #1	29,700	-	29,700	-	-	-	-	-	-
Common School Tech Loan #2	-	139,220	139,220	-	-	-	-	-	-
Common School Tech Loan #3	-	-	-	-	-	140,961	140,961	-	-
School Lunch	181,033	725,788	674,571	-	232,250	745,066	721,292	-	256,024
Textbook Rental	178,684	127,440	44,826	-	261,298	169,960	139,262	-	291,996
Alternative Education	8,529	8,600	-	-	17,129	8,100	11,451	-	13,778
Instruction Support	-	15,000	13,881	-	1,119	-	-	-	1,119
Red Ribbon 2010-2011	259	-	259	-	-	-	-	-	-
Red Ribbon 2011-2012	600	-	407	-	193	369	562	-	-
2009-2010 Red Ribbon	27	-	21	-	6	-	6	-	-
Construction, Remodeling, and Equipping Buildings	20,903	-	-	-	20,903	-	-	-	20,903
Miscellaneous Programs	54,164	11,600	60,000	-	5,764	13,800	-	-	19,564
Supplies Endowment	1,482	-	-	-	1,482	-	-	-	1,482
Kendrick Foundation	669	-	-	-	669	-	-	-	669
MAC Grant	-	500	500	-	-	-	-	-	-
High Ability 2010-2011	535	-	535	-	-	-	-	-	-
High Ability 2011-2012	19,567	-	19,441	(126)	-	-	-	-	-
High Ability 2012-2013	-	30,261	12,330	-	17,931	-	17,931	-	-
High Ability 2013-2014	-	-	-	-	-	30,198	10,377	-	19,821
Driver Education	6,272	-	3,857	-	2,415	-	-	-	2,415
School Technology	1	-	-	-	1	-	-	-	1
Connectivity Fund	-	8,145	8,145	-	-	7,620	10,562	-	(2,942)
Performance Based Awards	3,238	-	-	-	3,238	-	-	-	3,238
Economic Grant	-	-	-	-	-	50,000	41,063	-	8,937
Senator David Ford Technology	-	30,000	19,797	-	10,203	-	-	-	10,203
Title 1 2011-2012	4,150	-	4,150	-	-	-	-	-	-
Title 1 2012-2013	-	148,417	116,852	-	31,565	-	31,566	-	(1)
Title 1 2013-2014	-	-	-	-	-	126,183	126,094	-	89
Title V Part A	16,771	-	-	-	16,771	-	-	-	16,771
Part B 2010-2011	-	11,653	11,653	-	-	-	-	-	-
Part B 2011-2012	1,598	6,781	7,834	(545)	-	-	-	-	-
Part B 2012-2013	-	283,584	270,028	-	13,556	-	13,555	-	1
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	183,393	215,741	-	(32,348)
Part B Pre-School 2012-2013	-	8,791	8,791	-	-	-	-	-	-
Part B Preschool 2013-2014	-	-	-	-	-	5,454	8,079	-	(2,625)
Technology Related Assistance for Individuals With Disabilities	34	-	-	-	34	-	-	-	34
Medicaid Reimbursement - Federal	-	8,302	-	(1,636)	6,666	26,186	14,133	(5,587)	13,132
Improving Teaching Quality, No Child Left, Title II, Part A	-	3,204	3,204	-	-	-	-	-	-
Title II Part A (11-12)	(36,112)	38,540	2,428	-	-	-	-	-	-
Title II Part A (12-13)	-	37,058	37,058	-	-	-	-	-	-
Title II Part A 2014-2016	-	-	1,792	-	(1,792)	-	31,322	-	(33,114)
Education Jobs	-	5,734	5,734	-	-	-	-	-	-
Payroll Withholding Clearing Accounts	31,062	1,992,690	1,997,006	-	26,746	2,099,579	2,087,290	-	39,035
Totals	\$ 8,893,261	\$ 16,425,107	\$ 15,951,079	\$ -	\$ 9,367,289	\$ 16,577,338	\$ 16,867,135	\$ -	\$ 9,077,492

The notes to the financial statement are 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 Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

Local sources 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.

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

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.

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 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, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

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.

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.

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

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.

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

Note 6. Pension Plans

A. Public Employees ' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

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

B. Teachers ' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Holding Corporation

The School Corporation has entered into a capital lease with Monroe-Gregg Grade School Building Corporation. The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal years 2013 and 2014 totaled \$966,000 and \$964,000, respectively.

OTHER INFORMATION - UNAUDITED

The School District'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 District Treasurer's Office. Additionally, some financial information of the School District can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School District 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 other information presented was approved by management of the School District. It is presented as intended by the School District.

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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,062,857	\$ 1,342,006	\$ 84,890	\$ 1,731,712	\$ 404,256	\$ 619,170	\$ 1,014,788	\$ 110,416
Receipts:								
Local sources	25,280	1,821,629	142,504	887,554	855,694	278,975	-	11,260
Intermediate sources	5	-	-	-	-	-	-	-
State sources	8,760,867	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	31	-	-	-	-	-	-	-
Total receipts	8,786,183	1,821,629	142,504	887,554	855,694	278,975	-	11,260
Disbursements:								
Current:								
Instruction	5,038,426	-	-	-	1,485	-	-	22,520
Support services	3,013,365	-	-	370,741	746,875	175,876	80,778	-
Noninstructional services	83,188	-	-	-	-	-	-	-
Facilities acquisition and construction	41,905	-	-	611,250	-	-	-	-
Debt services	-	2,194,939	70,502	-	-	-	-	-
Nonprogrammed charges	-	5,209	-	-	-	-	-	-
Total disbursements	8,176,884	2,200,148	70,502	981,991	748,360	175,876	80,778	22,520
Excess (deficiency) of receipts over disbursements	609,299	(378,519)	72,002	(94,437)	107,334	103,099	(80,778)	(11,260)
Other financing sources (uses):								
Transfers in	1,636	-	-	-	761	-	500,000	120,000
Transfers out	(500,090)	-	-	-	-	-	(120,000)	-
Total other financing sources (uses)	(498,454)	-	-	-	761	-	380,000	120,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	110,845	(378,519)	72,002	(94,437)	108,095	103,099	299,222	108,740
Cash and investments - ending	\$ 3,173,702	\$ 963,487	\$ 156,892	\$ 1,637,275	\$ 512,351	\$ 722,269	\$ 1,314,010	\$ 219,156

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, 2013
 (Continued)

	Common School Tech Loan #1	Common School Tech Loan #2	Common School Tech Loan #3	School Lunch	Textbook Rental	Alternative Education	Instruction Support	Red Ribbon 2010-2011
Cash and investments - beginning	\$ 29,700	\$ -	\$ -	\$ 181,033	\$ 178,684	\$ 8,529	\$ -	\$ 259
Receipts:								
Local sources	-	-	-	441,190	87,913	-	-	-
Intermediate sources	-	-	-	-	-	-	15,000	-
State sources	-	-	-	9,962	39,527	8,600	-	-
Federal sources	-	-	-	274,636	-	-	-	-
Temporary loans	-	139,220	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	139,220	-	725,788	127,440	8,600	15,000	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	13,382	259
Support services	-	-	-	-	44,826	-	-	-
Noninstructional services	-	-	-	674,571	-	-	-	-
Facilities acquisition and construction	29,700	139,220	-	-	-	-	499	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	29,700	139,220	-	674,571	44,826	-	13,881	259
Excess (deficiency) of receipts over disbursements	(29,700)	-	-	51,217	82,614	8,600	1,119	(259)
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	(29,700)	-	-	51,217	82,614	8,600	1,119	(259)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 232,250	\$ 261,298	\$ 17,129	\$ 1,119	\$ -

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, 2013
 (Continued)

	Red Ribbon 2011-2012	2009-2010 Red Ribbon	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Supplies Endowment	Kendrick Foundation	MAC Grant	High Ability 2010-2011
Cash and investments - beginning	\$ 600	\$ 27	\$ 20,903	\$ 54,164	\$ 1,482	\$ 669	\$ -	\$ 535
Receipts:								
Local sources	-	-	-	11,600	-	-	500	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	11,600	-	-	500	-
Disbursements:								
Current:								
Instruction	407	21	-	-	-	-	500	535
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	30,000	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	30,000	-	-	-	-
Total disbursements	407	21	-	60,000	-	-	500	535
Excess (deficiency) of receipts over disbursements	(407)	(21)	-	(48,400)	-	-	-	(535)
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	(407)	(21)	-	(48,400)	-	-	-	(535)
Cash and investments - ending	\$ 193	\$ 6	\$ 20,903	\$ 5,764	\$ 1,482	\$ 669	\$ -	\$ -

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, 2013
 (Continued)

	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Driver Education	School Technology	Connectivity Fund	Performance Based Awards
Cash and investments - beginning	\$ 19,567	\$ -	\$ -	\$ 6,272	\$ 1	\$ -	\$ 3,238
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	30,261	-	-	-	8,145	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	30,261	-	-	-	8,145	-
Disbursements:							
Current:							
Instruction	3,237	8,325	-	3,107	-	-	-
Support services	-	4,005	-	750	-	8,145	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	16,204	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	19,441	12,330	-	3,857	-	8,145	-
Excess (deficiency) of receipts over disbursements	(19,441)	17,931	-	(3,857)	-	-	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(126)	-	-	-	-	-	-
Total other financing sources (uses)	(126)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(19,567)	17,931	-	(3,857)	-	-	-
Cash and investments - ending	\$ -	\$ 17,931	\$ -	\$ 2,415	\$ 1	\$ -	\$ 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, 2013
 (Continued)

	Economic Grant	Senator David Ford Technology	Title 1 2011-2012	Title 1 2012-2013	Title 1 2013-2014	Title V Part A	Part B 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ 4,150	\$ -	\$ -	\$ 16,771	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	30,000	-	-	-	-	-
Federal sources	-	-	-	148,417	-	-	11,653
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	30,000	-	148,417	-	-	11,653
Disbursements:							
Current:							
Instruction	-	-	2,049	115,136	-	-	11,653
Support services	-	19,797	-	-	-	-	-
Noninstructional services	-	-	2,101	1,716	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	19,797	4,150	116,852	-	-	11,653
Excess (deficiency) of receipts over disbursements	-	10,203	(4,150)	31,565	-	-	-
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	-	10,203	(4,150)	31,565	-	-	-
Cash and investments - ending	\$ -	\$ 10,203	\$ -	\$ 31,565	\$ -	\$ 16,771	\$ -

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, 2013
 (Continued)

	Part B 2011-2012	Part B 2012-2013	(IDEA, Part B) LEA Capacity Building (Silver) Grants	Part B Preschool 2012-2013	Part B Preschool 2013-2014	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ 1,598	\$ -	\$ -	\$ -	\$ -	\$ 34	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	6,781	283,584	-	8,791	-	-	8,302
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	6,781	283,584	-	8,791	-	-	8,302
Disbursements:							
Current:							
Instruction	7,834	270,028	-	8,791	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,834	270,028	-	8,791	-	-	-
Excess (deficiency) of receipts over disbursements	(1,053)	13,556	-	-	-	-	8,302
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(545)	-	-	-	-	-	(1,636)
Total other financing sources (uses)	(545)	-	-	-	-	-	(1,636)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,598)	13,556	-	-	-	-	6,666
Cash and investments - ending	\$ -	\$ 13,556	\$ -	\$ -	\$ -	\$ 34	\$ 6,666

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, 2013
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A (11-12)	Title II Part A (12-13)	Title II Part A 2014-2016	Education Jobs	Payroll Withholding Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ (36,112)	\$ -	\$ -	\$ -	\$ 31,062	\$ 8,893,261
Receipts:							
Local sources	-	-	-	-	-	-	4,564,099
Intermediate sources	-	-	-	-	-	-	15,005
State sources	-	-	-	-	-	-	8,887,362
Federal sources	3,204	38,540	37,058	-	5,734	-	826,700
Temporary loans	-	-	-	-	-	-	139,220
Other	-	-	-	-	-	1,992,690	1,992,721
Total receipts	3,204	38,540	37,058	-	5,734	1,992,690	16,425,107
Disbursements:							
Current:							
Instruction	3,204	2,428	37,058	1,792	5,734	-	5,557,911
Support services	-	-	-	-	-	-	4,465,158
Noninstructional services	-	-	-	-	-	-	761,576
Facilities acquisition and construction	-	-	-	-	-	-	868,778
Debt services	-	-	-	-	-	-	2,265,441
Nonprogrammed charges	-	-	-	-	-	1,997,006	2,032,215
Total disbursements	3,204	2,428	37,058	1,792	5,734	1,997,006	15,951,079
Excess (deficiency) of receipts over disbursements	-	36,112	-	(1,792)	-	(4,316)	474,028
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	622,397
Transfers out	-	-	-	-	-	-	(622,397)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	36,112	-	(1,792)	-	(4,316)	474,028
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (1,792)	\$ -	\$ 26,746	\$ 9,367,289

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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 3,173,702	\$ 963,487	\$ 156,892	\$ 1,637,275	\$ 512,351	\$ 722,269	\$ 1,314,010	\$ 219,156
Receipts:								
Local sources	54,388	1,828,764	106,551	931,758	862,566	282,137	-	-
Intermediate sources	10	-	-	-	-	-	-	-
State sources	8,891,920	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	12,375	-	-	-
Total receipts	<u>8,946,318</u>	<u>1,828,764</u>	<u>106,551</u>	<u>931,758</u>	<u>874,941</u>	<u>282,137</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	5,530,096	-	-	-	841	-	-	-
Support services	3,137,342	-	-	419,619	841,053	247,201	51,950	20,935
Noninstructional services	68,666	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	557,069	-	-	72,692	-
Debt services	-	2,070,395	220,168	-	-	-	-	-
Nonprogrammed charges	-	7,861	-	-	-	-	-	-
Total disbursements	<u>8,736,104</u>	<u>2,078,256</u>	<u>220,168</u>	<u>976,688</u>	<u>841,894</u>	<u>247,201</u>	<u>124,642</u>	<u>20,935</u>
Excess (deficiency) of receipts over disbursements	<u>210,214</u>	<u>(249,492)</u>	<u>(113,617)</u>	<u>(44,930)</u>	<u>33,047</u>	<u>34,936</u>	<u>(124,642)</u>	<u>(20,935)</u>
Other financing sources (uses):								
Transfers in	5,587	-	-	-	-	-	227,728	-
Transfers out	(227,728)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(222,141)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>227,728</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(11,927)</u>	<u>(249,492)</u>	<u>(113,617)</u>	<u>(44,930)</u>	<u>33,047</u>	<u>34,936</u>	<u>103,086</u>	<u>(20,935)</u>
Cash and investments - ending	<u>\$ 3,161,775</u>	<u>\$ 713,995</u>	<u>\$ 43,275</u>	<u>\$ 1,592,345</u>	<u>\$ 545,398</u>	<u>\$ 757,205</u>	<u>\$ 1,417,096</u>	<u>\$ 198,221</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, 2014
 (Continued)

	Common School Tech Loan #1	Common School Tech Loan #2	Common School Tech Loan #3	School Lunch	Textbook Rental	Alternative Education	Instruction Support	Red Ribbon 2010-2011
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 232,250	\$ 261,298	\$ 17,129	\$ 1,119	\$ -
Receipts:								
Local sources	-	-	-	439,475	130,148	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	7,182	39,812	8,100	-	-
Federal sources	-	-	-	298,409	-	-	-	-
Temporary loans	-	-	140,961	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	140,961	745,066	169,960	8,100	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	11,451	-	-
Support services	-	-	-	-	139,262	-	-	-
Noninstructional services	-	-	-	710,151	-	-	-	-
Facilities acquisition and construction	-	-	140,961	11,141	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	140,961	721,292	139,262	11,451	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	23,774	30,698	(3,351)	-	-
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	-	-	-	23,774	30,698	(3,351)	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 256,024	\$ 291,996	\$ 13,778	\$ 1,119	\$ -

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, 2014
 (Continued)

	Red Ribbon 2011-2012	2009-2010 Red Ribbon	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Supplies Endowment	Kendrick Foundation	MAC Grant	High Ability 2010-2011
Cash and investments - beginning	\$ 193	\$ 6	\$ 20,903	\$ 5,764	\$ 1,482	\$ 669	\$ -	\$ -
Receipts:								
Local sources	369	-	-	13,800	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>369</u>	<u>-</u>	<u>-</u>	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	562	6	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>562</u>	<u>6</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(193)</u>	<u>(6)</u>	<u>-</u>	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
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>(193)</u>	<u>(6)</u>	<u>-</u>	<u>13,800</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,903</u>	<u>\$ 19,564</u>	<u>\$ 1,482</u>	<u>\$ 669</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, 2014
 (Continued)

	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Driver Education	School Technology	Connectivity Fund	Performance Based Awards
Cash and investments - beginning	\$ -	\$ 17,931	\$ -	\$ 2,415	\$ 1	\$ -	\$ 3,238
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	30,198	-	-	7,620	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	30,198	-	-	7,620	-
Disbursements:							
Current:							
Instruction	-	16,306	4,458	-	-	-	-
Support services	-	1,625	5,919	-	-	10,562	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	17,931	10,377	-	-	10,562	-
Excess (deficiency) of receipts over disbursements	-	(17,931)	19,821	-	-	(2,942)	-
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	-	(17,931)	19,821	-	-	(2,942)	-
Cash and investments - ending	\$ -	\$ -	\$ 19,821	\$ 2,415	\$ 1	\$ (2,942)	\$ 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, 2014
 (Continued)

	Economic Grant	Senator David Ford Technology	Title 1 2011-2012	Title 1 2012-2013	Title 1 2013-2014	Title V Part A	Part B 2010-2011
Cash and investments - beginning	\$ -	\$ 10,203	\$ -	\$ 31,565	\$ -	\$ 16,771	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	50,000	-	-	-	126,183	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	50,000	-	-	-	126,183	-	-
Disbursements:							
Current:							
Instruction	-	-	-	33,282	126,094	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	(1,716)	-	-	-
Facilities acquisition and construction	41,063	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	41,063	-	-	31,566	126,094	-	-
Excess (deficiency) of receipts over disbursements	8,937	-	-	(31,566)	89	-	-
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	8,937	-	-	(31,566)	89	-	-
Cash and investments - ending	\$ 8,937	\$ 10,203	\$ -	\$ (1)	\$ 89	\$ 16,771	\$ -

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, 2014
 (Continued)

	Part B 2011-2012	Part B 2012-2013	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B Preschool 2012-2013	Part B Preschool 2013-2014	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal
Cash and investments - beginning	\$ -	\$ 13,556	\$ -	\$ -	\$ -	\$ 34	\$ 6,666
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	183,393	-	5,454	-	26,186
Temporary loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	183,393	-	5,454	-	26,186
Disbursements:							
Current:							
Instruction	-	13,555	215,741	-	8,079	-	13,211
Support services	-	-	-	-	-	-	922
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	13,555	215,741	-	8,079	-	14,133
Excess (deficiency) of receipts over disbursements	-	(13,555)	(32,348)	-	(2,625)	-	12,053
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(5,587)
Total other financing sources (uses)	-	-	-	-	-	-	(5,587)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,555)	(32,348)	-	(2,625)	-	6,466
Cash and investments - ending	\$ -	\$ 1	\$ (32,348)	\$ -	\$ (2,625)	\$ 34	\$ 13,132

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, 2014
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A (11-12)	Title II Part A (12-13)	Title II Part A 2014-2016	Education Jobs	Payroll Withholding Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,792)	\$ -	\$ 26,746	\$ 9,367,289
Receipts:							
Local sources	-	-	-	-	-	-	4,649,956
Intermediate sources	-	-	-	-	-	-	10
State sources	-	-	-	-	-	-	8,984,832
Federal sources	-	-	-	-	-	-	689,625
Temporary loans	-	-	-	-	-	-	140,961
Other	-	-	-	-	-	2,099,579	2,111,954
Total receipts	-	-	-	-	-	2,099,579	16,577,338
Disbursements:							
Current:							
Instruction	-	-	-	31,322	-	-	6,005,004
Support services	-	-	-	-	-	-	4,876,390
Noninstructional services	-	-	-	-	-	-	777,101
Facilities acquisition and construction	-	-	-	-	-	-	822,926
Debt services	-	-	-	-	-	-	2,290,563
Nonprogrammed charges	-	-	-	-	-	2,087,290	2,095,151
Total disbursements	-	-	-	31,322	-	2,087,290	16,867,135
Excess (deficiency) of receipts over disbursements	-	-	-	(31,322)	-	12,289	(289,797)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	233,315
Transfers out	-	-	-	-	-	-	(233,315)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(31,322)	-	12,289.00	(289,797)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (33,114)	\$ -	\$ 39,035	\$ 9,077,492

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Monroe-Gregg Grade School Building Corporation	Monrovia Elementary	\$ 966,000	1/15/2007	1/15/2027
Total of annual lease payments		<u>\$ 966,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Equipment and land purchase		\$ 1,675,000	\$ 208,852
General obligation bonds	Pension Bond		870,000	146,987
General obligation bonds	QSCB Energy Savings Improvements		1,111,000	341,402
Notes and loans payable	Common School Grade School		6,801,961	579,671
Notes and loans payable	Common School Technology #1		7,425	7,462
Notes and loans payable	Common School Technology #2		97,454	31,464
Notes and loans payable	Common School Technology #3		-	15,914
Total governmental activities			<u>10,562,840</u>	<u>1,331,752</u>
Totals			<u>\$ 10,562,840</u>	<u>\$ 1,331,752</u>

MONROE-GREGG SCHOOL DISTRICT
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 1,623,164
Buildings	39,837,500
Machinery, equipment, and vehicles	3,280,000
Total governmental activities	44,740,664
Total capital assets	\$ 44,740,664

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Monroe-Gregg School District's (School District) 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, 2012 to June 30, 2014. The School District's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the School District's compliance.

Opinion on Each Major Federal Program

In our opinion, the School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, 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 items 2014-003, 2014-004, 2014-005, and 2014-006. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control Over Compliance


Management of the School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, 2014-005, and 2014-006 to be material weaknesses.

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 2, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553	FY 2013	\$ 46,749	\$ 58,571
National School Lunch Program		10.555	FY 2014	271,626	289,571
Total for Cluster				318,375	348,142
Total for federal grantor agency				318,375	348,142
<u>U.S. Department of Education</u>					
Title I, Part A Cluster	Indiana Department of Education				
Title I Grants to Local Educational Agencies		84.01	13-5900	148,417	-
			14-5900	-	126,183
Total for cluster				148,417	126,183
Special Education Cluster	Indiana Department of Education				
Special Education - Grants to States		84.027	14211-63-PN01	11,653	-
			14212-63-PN01	6,781	-
			14213-63-PN01	303,731	-
			14214-63-PN01	-	189,902
Total for program				322,165	189,902
Special Education - Preschool Grants	Indiana Department of Education				
		84.173	14213-63-PN01	8,987	-
			14214-63-PN01	-	5,534
Total for program				8,987	5,534
Total for cluster				331,152	195,436
Improving Teacher Quality State Grants	Indiana Department of Education				
		84.367	10-5900	3,204	-
			11-5900	38,540	-
			12-5900	37,058	-
Total for program				78,802	-
Education Jobs Fund	Indiana Department of Education				
		84.41	5900-102230331	5,734	-
Total for grantor agency				564,105	321,619
<u>U.S. Department of Health and Human Services</u>					
Medicaid Cluster	Indiana Department of Education				
Medical Assistance Program		93.778	FY 12/13	8,302	-
			FY 13/14	-	26,186
Total for grantor agency				8,302	26,186
Total federal awards expended				\$ 890,782	\$ 695,947

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 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 5-11-1-25), audits of school corporations 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 43,739	\$ 49,733

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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported

Type of auditor's report issued on compliance for major programs:	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes
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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?	no
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Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School District did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School District should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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

During the audit of the SEFA, we noted the following errors:

The School District did not report any federal expenditures for the 2012-2013 school year. For the 2013-2014 school year, the School District did not report any amounts for the Child Nutrition Cluster or the Medicaid Cluster, and incorrect amounts for the Special Education Cluster. The School District understated expenditures on the SEFA in the amounts of \$890,782 and \$380,916 for the school years 2012-2013 and 2013-2014, respectively.

Audit adjustments were proposed, accepted by the School District, and made to the SEFA presented in this report.

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310. "

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.

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

- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School District related to financial transactions and reporting. The School District does not have adequate controls in place over payroll transactions. Payroll transactions were approved by the Treasurer and the School Board in total by fund but there were not controls in place to ensure that individual payroll transactions were posted to the correct fund.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - ALLOWABLE COSTS

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2013, FY 2014
Pass-Through Entity: Indiana Department of Education

Federal Agency: U.S. Department of Education
Federal Program: Special Education - Grants to States, Special Education - Preschool Grants
CFDA Number: 84.027, 84.173
Federal Award Number and Year (or Other Identifying Number): 14211-63-PN01, 14212-63-PN01,
14213-63-PN01, 14214-63-PN01
Pass-Through Entity: Indiana Department of Education

Management of the School District has not established an effective internal control system related to the grant agreement and the Allowable Costs compliance requirements. There were no controls in place to ensure that the required time and effort certifications were completed and maintained.

The School District was required to maintain time and effort documentation for all full and part-time employees paid from the Special Education and the Child Nutrition programs. The School District could not provide time and effort reports for the audit period.

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

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

OMB Circular A-87, Attachment B, section (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 semiannually and will be signed by the employee or supervisory official having firsthand 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."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School District.

We recommended that the School District's management establish controls related to the grant agreement and compliance requirements listed above. In addition, we recommended the School District comply with the Allowable Costs compliance requirement.

FINDING 2014-004 - CASH MANAGEMENT

Federal Agency: U.S. Department of Education

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2013, FY 2014

Pass-Through Entity: Indiana Department of Education

Management of the School District has not established an effective internal control system related to the grant agreement and Cash Management compliance requirements. The School District was not in compliance with the requirements of Cash Management.

The School District is required to limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service. In 13 of the 24 months of the audit period, the School District's School Lunch fund cash balance exceeded the three months' average expenditures.

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

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

7 CFR 210.14(b) Resource Management states in part:

"The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with §210.19(a)."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School District.

We recommended that the School District's management establish controls related to the grant agreement and compliance requirements listed above. In addition, we recommended the School District comply with the Cash Management requirement.

FINDING 2014-005 - SPECIAL TESTS AND PROVISIONS - VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: U.S. Department of Agriculture

Federal Program: School Breakfast Program, National School Lunch Program

CFDA Number: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): FY 2013, FY 2014

Pass-Through Entity: Indiana Department of Education

Management of the School District has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Special Tests and Provisions - Verification of Free and Reduced Price Applications compliance requirement.

The School District did not complete the verifications of free and reduced applications for the school food program for the 2012-2013 and 2013-2014 school years.

The failure to establish an effective internal control system places the school district at risk of non-compliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

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

7 CFR 245.6a - Verification requirements states in part:

"(c) Verification requirement—(1) General. The local educational agency must verify eligibility of children in a sample of household applications approved for free and reduced price meal benefits for that school year.

(e) Activities prior to household notification—(1) Confirmation of a household's initial eligibility.
(i) Prior to conducting any other verification activity, an individual, other than the individual who made the initial eligibility determination, shall review for accuracy each approved application selected for verification to ensure that the initial determination was correct. If the initial determination was correct, the local educational agency shall verify the approved application. If the initial determination was incorrect, the local educational agency must:

(A) If the eligibility status changes from reduced price to free, make the increased benefits immediately available and notify the household of the change in benefits; the local educational agency will then verify the application;

(B) If the eligibility status changes from free to reduced price, first verify the application and then notify the household of the correct eligibility status after verification is completed and, if required, send the household a notice of adverse action in accordance with paragraph (j) of this section; or

(C) If the eligibility status changes from free or reduced price to paid, send the household a notice of adverse action in accordance with paragraph (j) of this section and do not conduct verification on this application and select a similar application (for example, another error-prone application) to replace it."

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School District.

We recommended that the School District's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above. In addition, we recommended the School District comply with the Special Test and Provision - Verification of Free and Reduced Price Application compliance requirement.

FINDING 2014-006 - EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553, 10.555
Federal Award Number and Year (or Other Identifying Number): FY 2013, FY 2014
Pass-Through Entity: Indiana Department of Education

Management of the School District has not established an effective internal control system related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School District did not maintain property records of assets purchased with federal funds or documentation of disposal of assets purchased from federal funds.

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

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

7 CFR 3016.32(d)(1) states in part:

"(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property."

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School District.

We recommended that the School District's management establish controls, related to the grant agreement and compliance requirements listed above. In addition, we recommended the School District comply with the Equipment and Real Property Management compliance requirement.

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AUDITEE PREPARED DOCUMENTS

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

Monroe-Gregg Schools

135 S. Chestnut Street
Monrovia, IN 46157
Phone (317) 996-3720 x1
Fax (317) 996-2977



SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-2 ALLOWABLE COSTS/COST PRINCIPLES

Original Assigned SBA Audit Report Number:
Report Period: July 1, 2010 thru June 30, 2012
Pass-Through Entity or Federal Grantor Agency: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x 1003

Status of Audit Finding:

The finding was inadvertently overlooked and is now being implemented. An email has been sent out to all Directors of Federal Funds with an attachment of the Semi-Annual Certification Activity Report for Employees Working on a Single Cost Objective to complete. This report will be filed with the Corporation Treasurers perspective Grant files. Likewise, the Cafeteria Director will maintain their file.



(Signature)

Corporation Treasurer

(Title)

February 22, 2016

(Date)

Monroe-Gregg Schools

135 S. Chestnut Street
Monrovia, IN 46157
Phone (317) 996-3720 x1
Fax (317) 996-2977



CORRECTIVE ACTION PLAN

FINDING 2014-001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: KELLY DILLON

Contact Phone Number: 317-996-3720 X1003

Description of Corrective Action Plan:

- Prevent, detect or correct errors of the Schedule of Expenditures of Federal Awards (SEFA) – **Response:** Corporation Treasurer shall submit and ensure all Federal Awards are included on the Annual Financial Report through Gateway.

FINDING 2014-002 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: KELLY DILLON

Contact Phone Number: 317-996-3720 X1003

Description of Corrective Action Plan:

- Evidence of approval of a detailed payroll transaction listing by school officials – **Response:** Corporation Treasurer will instruct Deputy Treasurer/Payroll to provide a detailed payroll distribution report by employee and fund after each payroll to the Corporation Treasurer for Board of Trustees approval. This list will be filed with the monthly Board Meeting Minutes (binder) in the Administration Office.

FINDING 2014-003 ALLOWABLE COST

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: FY 2013 and FY 2014
Pass-Through Entity: Indiana Department of Education

Federal Agency: United States Department of Agriculture
Federal Program: Special Education – Grants to States, Special Education – Preschool Grants
CFDA Number: 84.027 and 84.173
Federal Award Number and Year: 14211-63-PN01; 14212-63-PN01; 14213-63-PN01; 14214-63-PN01

Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan:

- Allowable costs compliance requirement for maintaining time and effort certifications – **Response:** Corporation Treasurer will correspond and provide the Semi-Annual Certification Activity Report for Employees Working on a Single Cost Objective to all Directors of Major Federal Grants (Title I, Title II Part A, Child Nutrition, and Special Education. This report will be filed with the Corporation Treasurers perspective Grant files. Likewise, the Cafeteria Director will maintain their file.

FINDING 2014-004 CASH MANAGEMENT

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: FY 2013 and FY 2014
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan:

- Thirteen out of the twenty four month period the district exceeded the three month average expenditures – **Response:** Corporation Treasurer will correspond with Taher and the Cafeteria Director to monitor the cash balance so that it does not exceed the three month average expenditures. However, if a large piece of equipment is to be purchased and staff raises/benefits are needed for future expenses those projections will be included in the average until the need is met.

FINDING 2014-005 SPECIAL TESTS AND PROVISIONS-VERIFICATION OF FREE AND REDUCED PRICE APPLICATIONS

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: FY 2013 and FY 2014
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan:

- Verification of free and reduced price applications – **Response:** The Cafeteria Director has secured all verification applications and corresponding paperwork and has included them with all annual free and reduced applications.

FINDING 2014-006 EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: United States Department of Agriculture
Federal Program: School Breakfast Program, National School Lunch Program
CFDA Number: 10.553 and 10.555
Federal Award Number and Year: FY 2013 and FY 2014
Pass-Through Entity: Indiana Department of Education

Description of Corrective Action Plan:

- Maintaining documentation of assets purchased with federal funds, or documentation of disposal of assets purchased from federal funds. **Response** – Corporation Treasurer will correspond and provide the Cafeteria Director an excel spreadsheet that will allow her/him to keep an asset inventory of new equipment purchased with federal dollars. The spreadsheet will include year, description and dollar amount purchased. It will also include any equipment that has been taken out of our inventory. It will include year, description of equipment, reason taken out of inventory and how it was disposed of. Example: sold, scrapped or dumpster.

Anticipated Completion Date:

All finding (1-6) will take action immediately



(Signature)

Corporation Treasurer

(Title)

February 22, 2016

(Date)

OTHER REPORTS

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