

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, 2014 to June 30, 2016



FILED
06/01/2018

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-14 to 12-31-18
Superintendent of Schools	Dr. William E. Roberson	07-01-14 to 06-30-18
President of the School Board	Tim Pridemore Scott Everett Jack Elliott Chris Williams	07-01-14 to 12-31-14 01-01-15 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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 Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, 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 from 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 Corporation'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 Corporation'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 to the financial statement, the School Corporation 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 Corporation for the period of July 1, 2014 to June 30, 2016.

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 Corporation for the period of July 1, 2014 to June 30, 2016, 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 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 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.

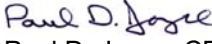
Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, 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 May 2, 2018, 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 solely 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 effectiveness of the School Corporation's 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 Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

May 2, 2018



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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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 Corporation), which comprises the financial position and results of operations for the period of July 1, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated May 2, 2018, 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.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation'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 Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation'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 a material weakness.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation'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 2016-001 to be a material weakness.

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)

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from 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 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 2016-001.

Monroe-Gregg School District's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 Corporation'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 Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

May 2, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

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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, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 3,161,783	\$ 8,934,246	\$ 8,694,017	\$ -	\$ 3,402,012	\$ 9,439,774	\$ 9,233,112	\$ -	\$ 3,608,674
Debt Service	713,995	1,992,268	2,166,697	-	539,566	2,121,004	2,187,891	-	472,679
Retirement/Severance Bond Debt Service	43,275	154,830	146,988	-	51,117	136,071	79,699	-	107,489
Capital Projects	1,592,345	852,616	1,238,259	-	1,206,702	886,498	1,117,303	-	975,897
School Transportation	545,398	903,870	858,974	-	590,294	901,030	904,221	-	587,103
School Bus Replacement	757,205	269,970	503,412	-	523,763	290,247	328,481	-	485,529
Rainy Day	1,417,096	-	259,051	-	1,158,045	31,933	414,308	-	775,670
Retirement/Severance Bond	198,221	-	10,495	-	187,726	-	7,725	-	180,001
Common School Tech Loan #4	-	135,004	135,004	-	-	-	-	-	-
Common School Tech Loan #5	-	-	-	-	-	137,551	137,551	-	-
School Lunch	256,024	747,448	700,023	-	303,449	802,128	775,451	-	330,126
Textbook Rental	291,996	174,576	308,432	-	158,140	181,543	146,892	-	192,791
Alternative Education	13,778	10,050	-	-	23,828	9,911	27,620	-	6,119
MME School Library	-	3,979	-	-	3,979	12	3,826	-	165
MMS School Library	-	280	-	-	280	-	-	-	280
MHS School Library	-	1,400	-	-	1,400	427	-	-	1,827
Instructional Support	1,119	-	-	-	1,119	-	1,119	-	-
Building Trades Fund	20,903	-	224	-	20,679	2,240	678	-	22,241
Miscellaneous Programs	19,564	12,650	14,000	-	18,214	13,800	14,000	-	18,014
Supplies Endowment	1,482	-	-	-	1,482	-	-	-	1,482
Kendrick Foundation	669	-	-	-	669	11,000	11,669	-	-
United Way Read Up	-	2,500	-	-	2,500	-	-	-	2,500
High Ability 2013-2014	19,821	-	19,821	-	-	-	-	-	-
High Ability 2014-2015	-	29,873	22,903	-	6,970	-	6,970	-	-
High Ability 2015-2016	-	-	-	-	-	30,751	22,928	-	7,823
Instruction Support	2,415	-	-	-	2,415	-	-	-	2,415
School Technology	-	-	-	-	-	-	-	-	-
Connectivity Fund	(2,942)	8,193	3,061	-	2,190	6,564	8,754	-	-
Performance Based Awards	3,238	-	-	-	3,238	25,425	28,663	-	-
Economic Grant	8,937	-	-	-	8,937	-	-	-	8,937
Safety Grant FY 14-15	-	40,500	40,500	-	-	-	-	-	-
Senator David Ford Technology	10,203	-	-	-	10,203	-	10,203	-	-
Title I 2013-2014	89	-	89	-	-	-	-	-	-
Title I 2014-2015	-	135,203	130,035	-	5,168	2,967	5,168	(2,967)	-
Title I 2015-2016	-	-	-	-	-	113,963	136,349	2,967	(19,419)
Title V Part A	16,771	-	-	-	16,771	-	16,771	-	-
Part B FY 2013-2014	-	1,557	1,557	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	(32,348)	113,270	80,922	-	-	-	-	-	-
Part B 2014-2015	-	294,380	272,269	-	22,111	8,970	31,081	-	-
Part B 2015-2016	-	-	-	-	-	277,240	296,029	-	(18,789)
Part B Preschool 2013-2014	(2,625)	3,094	469	-	-	-	-	-	-
Part B Preschool 2014-2015	-	8,499	6,322	-	2,177	-	2,177	-	-
Part B Preschool 2015-2016	-	-	-	-	-	8,404	8,404	-	-
Part B Preschool TA	-	6,886	6,886	-	-	-	-	-	-
Technology Related Assistance for Individuals With Disabilities	34	-	-	-	34	-	34	-	-
Medicaid Reimbursement - Federal	13,132	11,613	17,087	-	7,658	14,979	10,001	-	12,636
Title II Part A 2014-2016	(33,114)	33,492	378	-	-	-	-	-	-
Payroll Withholding Clearing Accounts	39,035	2,112,497	2,113,295	-	38,237	2,259,921	2,265,662	-	32,496
Totals	\$ 9,077,499	\$ 16,994,744	\$ 17,751,170	\$ -	\$ 8,321,073	\$ 17,714,353	\$ 18,240,740	\$ -	\$ 7,794,686

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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

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

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans. Amounts 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. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

Interfund loans. Amounts temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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

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:

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

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

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, the following: 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:

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

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.

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. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being for reimbursable grants. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2016.

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

Note 8. *Holding Corporation*

The School Corporation has entered into a capital lease with Monroe-Gregg Grade School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2015 and 2016 totaled \$966,000 and \$966,000, respectively.

Note 9. *Subsequent Events*

On December 12, 2016, the Board of School Trustees awarded a design-build contract for a performing arts addition and classroom remodel at Monrovia High School to Korte Company, in the amount of \$9,134,200. The project will be financed through a capital lease with Monroe-Gregg Grade School Building Corporation (Building Corporation). The Building Corporation issued \$8,520,000 in bonds (Auditorium 2016) on November 30, 2016, to pay for this project. On May 8, 2017, the Board of School Trustees awarded a contract to Myers Construction for a weight room, wrestling, and classroom addition to Monrovia High School in the amount of \$1,510,000. The project will be financed through a capital lease with the Building Corporation. The Building Corporation issued \$1,998,258 in bonds (Auditorium 2016B Series 2017) on June 8, 2017, to pay for this project.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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 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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,161,783	\$ 713,995	\$ 43,275	\$ 1,592,345	\$ 545,398	\$ 757,205	\$ 1,417,096
Receipts:							
Local sources	69,875	1,992,268	154,830	838,623	903,870	269,970	-
Intermediate sources	8	-	-	-	-	-	-
State sources	8,864,363	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	13,993	-	-	-
Total receipts	8,934,246	1,992,268	154,830	852,616	903,870	269,970	-
Disbursements:							
Instruction	5,432,865	-	-	-	1,784	-	-
Support services	3,157,713	-	-	408,438	857,190	493,168	726
Noninstructional services	64,551	-	-	-	-	-	-
Facilities acquisition and construction	38,888	-	-	829,821	-	10,244	258,325
Debt service	-	2,166,697	146,988	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	8,694,017	2,166,697	146,988	1,238,259	858,974	503,412	259,051
Excess (deficiency) of receipts over disbursements	240,229	(174,429)	7,842	(385,643)	44,896	(233,442)	(259,051)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	240,229	(174,429)	7,842	(385,643)	44,896	(233,442)	(259,051)
Cash and investments - ending	\$ 3,402,012	\$ 539,566	\$ 51,117	\$ 1,206,702	\$ 590,294	\$ 523,763	\$ 1,158,045

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, 2015

	Retirement/ Severance Bond	Common School Tech Loan #4	Common School Tech Loan #5	School Lunch	Textbook Rental	Alternative Education	MME School Library
Cash and investments - beginning	\$ 198,221	\$ -	\$ -	\$ 256,024	\$ 291,996	\$ 13,778	\$ -
Receipts:							
Local sources	-	-	-	432,078	132,704	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	6,869	41,872	10,050	3,979
Federal sources	-	-	-	308,501	-	-	-
Temporary loans	-	135,004	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	135,004	-	747,448	174,576	10,050	3,979
Disbursements:							
Instruction	10,495	-	-	-	-	-	-
Support services	-	-	-	-	308,432	-	-
Noninstructional services	-	-	-	700,023	-	-	-
Facilities acquisition and construction	-	135,004	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	10,495	135,004	-	700,023	308,432	-	-
Excess (deficiency) of receipts over disbursements	(10,495)	-	-	47,425	(133,856)	10,050	3,979
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	(10,495)	-	-	47,425	(133,856)	10,050	3,979
Cash and investments - ending	\$ 187,726	\$ -	\$ -	\$ 303,449	\$ 158,140	\$ 23,828	\$ 3,979

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, 2015

	MMS School Library	MHS School Library	Instructional Support	Building Trades Fund	Miscellaneous Programs	Supplies Endowment	Kendrick Foundation
Cash and investments - beginning	\$ -	\$ -	\$ 1,119	\$ 20,903	\$ 19,564	\$ 1,482	\$ 669
Receipts:							
Local sources	-	-	-	-	12,650	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	280	1,400	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>280</u>	<u>1,400</u>	<u>-</u>	<u>-</u>	<u>12,650</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	-	-	-	224	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	14,000	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>224</u>	<u>14,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>280</u>	<u>1,400</u>	<u>-</u>	<u>(224)</u>	<u>(1,350)</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>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>280</u>	<u>1,400</u>	<u>-</u>	<u>(224)</u>	<u>(1,350)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 280</u>	<u>\$ 1,400</u>	<u>\$ 1,119</u>	<u>\$ 20,679</u>	<u>\$ 18,214</u>	<u>\$ 1,482</u>	<u>\$ 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, 2015

	United Way Read Up	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Instruction Support	Connectivity Fund	Performance Based Awards
Cash and investments - beginning	\$ -	\$ 19,821	\$ -	\$ -	\$ 2,415	\$ (2,942)	\$ 3,238
Receipts:							
Local sources	2,500	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	29,873	-	-	8,193	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	2,500	-	29,873	-	-	8,193	-
Disbursements:							
Instruction	-	19,821	18,840	-	-	-	-
Support services	-	-	4,063	-	-	3,061	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	19,821	22,903	-	-	3,061	-
Excess (deficiency) of receipts over disbursements	2,500	(19,821)	6,970	-	-	5,132	-
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,500	(19,821)	6,970	-	-	5,132	-
Cash and investments - ending	\$ 2,500	\$ -	\$ 6,970	\$ -	\$ 2,415	\$ 2,190	\$ 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, 2015

	Economic Grant	Safety Grant FY 14-15	Senator David Ford Technology	Title I 2013-2014	Title 1 2014-2015	Title 1 2015-2016	Title V Part A
Cash and investments - beginning	\$ 8,937	\$ -	\$ 10,203	\$ 89	\$ -	\$ -	\$ 16,771
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	40,500	-	-	135,203	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	40,500	-	-	135,203	-	-
Disbursements:							
Instruction	-	-	-	89	126,412	-	-
Support services	-	-	-	-	3,623	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	40,500	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	40,500	-	89	130,035	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(89)	5,168	-	-
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	-	-	-	(89)	5,168	-	-
Cash and investments - ending	\$ 8,937	\$ -	\$ 10,203	\$ -	\$ 5,168	\$ -	\$ 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, 2015

	Part B FY 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 2014-2015	Part B 2015-2016	Part B Preschool 2013-2014	Part B Preschool 2014-2015	Part B Preschool 2015-2016
Cash and investments - beginning	\$ -	\$ (32,348)	\$ -	\$ -	\$ (2,625)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	1,557	113,270	294,380	-	3,094	8,499	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	1,557	113,270	294,380	-	3,094	8,499	-
Disbursements:							
Instruction	1,557	80,922	272,269	-	469	6,322	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	1,557	80,922	272,269	-	469	6,322	-
Excess (deficiency) of receipts over disbursements	-	32,348	22,111	-	2,625	2,177	-
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	-	32,348	22,111	-	2,625	2,177	-
Cash and investments - ending	\$ -	\$ -	\$ 22,111	\$ -	\$ -	\$ 2,177	\$ -

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, 2015

	Part B Preschool TA	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal	Title II Part A 2014-2016	Payroll Withholding Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ 34	\$ 13,132	\$ (33,114)	\$ 39,035	\$ 9,077,499
Receipts:						
Local sources	-	-	85	-	-	4,809,453
Intermediate sources	-	-	-	-	-	8
State sources	-	-	-	-	-	8,966,879
Federal sources	6,886	-	11,528	33,492	-	956,910
Temporary loans	-	-	-	-	-	135,004
Other receipts	-	-	-	-	2,112,497	2,126,490
Total receipts	6,886	-	11,613	33,492	2,112,497	16,994,744
Disbursements:						
Instruction	6,886	-	10,612	378	-	5,989,945
Support services	-	-	6,475	-	-	5,242,889
Noninstructional services	-	-	-	-	-	764,574
Facilities acquisition and construction	-	-	-	-	-	1,312,782
Debt service	-	-	-	-	-	2,313,685
Nonprogrammed charges	-	-	-	-	-	14,000
Interfund loans	-	-	-	-	2,113,295	2,113,295
Total disbursements	6,886	-	17,087	378	2,113,295	17,751,170
Excess (deficiency) of receipts over disbursements	-	-	(5,474)	33,114	(798)	(756,426)
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	-	-	(5,474)	33,114	(798)	(756,426)
Cash and investments - ending	\$ -	\$ 34	\$ 7,658	\$ -	\$ 38,237	\$ 8,321,073

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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,402,012	\$ 539,566	\$ 51,117	\$ 1,206,702	\$ 590,294	\$ 523,763	\$ 1,158,045
Receipts:							
Local sources	87,277	2,121,004	136,071	886,498	899,105	290,247	31,933
Intermediate sources	8	-	-	-	-	-	-
State sources	9,352,463	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	26	-	-	-	1,925	-	-
Total receipts	9,439,774	2,121,004	136,071	886,498	901,030	290,247	31,933
Disbursements:							
Instruction	5,851,563	-	-	-	511	-	-
Support services	3,293,928	-	-	376,914	903,710	328,481	-
Noninstructional services	84,021	-	-	-	-	-	-
Facilities acquisition and construction	3,600	-	-	740,389	-	-	414,308
Debt service	-	2,187,891	79,699	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	9,233,112	2,187,891	79,699	1,117,303	904,221	328,481	414,308
Excess (deficiency) of receipts over disbursements	206,662	(66,887)	56,372	(230,805)	(3,191)	(38,234)	(382,375)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	206,662	(66,887)	56,372	(230,805)	(3,191)	(38,234)	(382,375)
Cash and investments - ending	\$ 3,608,674	\$ 472,679	\$ 107,489	\$ 975,897	\$ 587,103	\$ 485,529	\$ 775,670

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, 2016

	Retirement/ Severance Bond	Common School Tech Loan #4	Common School Tech Loan #5	School Lunch	Textbook Rental	Alternative Education	MME School Library
Cash and investments - beginning	\$ 187,726	\$ -	\$ -	\$ 303,449	\$ 158,140	\$ 23,828	\$ 3,979
Receipts:							
Local sources	-	-	-	469,055	139,132	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	6,854	42,411	9,911	12
Federal sources	-	-	-	326,219	-	-	-
Temporary loans	-	-	137,551	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	137,551	802,128	181,543	9,911	12
Disbursements:							
Instruction	7,725	-	-	-	-	27,620	-
Support services	-	-	-	-	146,892	-	3,826
Noninstructional services	-	-	-	775,451	-	-	-
Facilities acquisition and construction	-	-	137,551	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	7,725	-	137,551	775,451	146,892	27,620	3,826
Excess (deficiency) of receipts over disbursements	(7,725)	-	-	26,677	34,651	(17,709)	(3,814)
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	(7,725)	-	-	26,677	34,651	(17,709)	(3,814)
Cash and investments - ending	\$ 180,001	\$ -	\$ -	\$ 330,126	\$ 192,791	\$ 6,119	\$ 165

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, 2016

	MMS School Library	MHS School Library	Instructional Support	Building Trades Fund	Miscellaneous Programs	Supplies Endowment	Kendrick Foundation
Cash and investments - beginning	\$ 280	\$ 1,400	\$ 1,119	\$ 20,679	\$ 18,214	\$ 1,482	\$ 669
Receipts:							
Local sources	-	-	-	2,240	13,800	-	11,000
Intermediate sources	-	-	-	-	-	-	-
State sources	-	427	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	427	-	2,240	13,800	-	11,000
Disbursements:							
Instruction	-	-	-	678	-	-	11,000
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	1,119	-	-	-	669
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	14,000	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	1,119	678	14,000	-	11,669
Excess (deficiency) of receipts over disbursements	-	427	(1,119)	1,562	(200)	-	(669)
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	-	427	(1,119)	1,562	(200)	-	(669)
Cash and investments - ending	\$ 280	\$ 1,827	\$ -	\$ 22,241	\$ 18,014	\$ 1,482	\$ -

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, 2016

	United Way Read Up	High Ability 2013-2014	High Ability 2014-2015	High Ability 2015-2016	Instruction Support	Connectivity Fund	Performance Based Awards
Cash and investments - beginning	\$ 2,500	\$ -	\$ 6,970	\$ -	\$ 2,415	\$ 2,190	\$ 3,238
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	30,751	-	6,564	25,425
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	30,751	-	6,564	25,425
Disbursements:							
Instruction	-	-	6,970	17,305	-	-	25,425
Support services	-	-	-	5,623	-	8,754	3,238
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	6,970	22,928	-	8,754	28,663
Excess (deficiency) of receipts over disbursements	-	-	(6,970)	7,823	-	(2,190)	(3,238)
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	-	-	(6,970)	7,823	-	(2,190)	(3,238)
Cash and investments - ending	\$ 2,500	\$ -	\$ -	\$ 7,823	\$ 2,415	\$ -	\$ -

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, 2016

	Economic Grant	Safety Grant FY 14-15	Senator David Ford Technology	Title I 2013-2014	Title 1 2014-2015	Title 1 2015-2016	Title V Part A
Cash and investments - beginning	\$ 8,937	\$ -	\$ 10,203	\$ -	\$ 5,168	\$ -	\$ 16,771
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	2,967	113,963	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	2,967	113,963	-
Disbursements:							
Instruction	-	-	-	-	4,440	67,176	16,771
Support services	-	-	-	-	728	69,173	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	10,203	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	10,203	-	5,168	136,349	16,771
Excess (deficiency) of receipts over disbursements	-	-	(10,203)	-	(2,201)	(22,386)	(16,771)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	2,967	-
Transfers out	-	-	-	-	(2,967)	-	-
Total other financing sources (uses)	-	-	-	-	(2,967)	2,967	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(10,203)	-	(5,168)	(19,419)	(16,771)
Cash and investments - ending	\$ 8,937	\$ -	\$ -	\$ -	\$ -	\$ (19,419)	\$ -

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, 2016

	Part B FY 2013-2014	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Part B 2014-2015	Part B 2015-2016	Part B Preschool 2013-2014	Part B Preschool 2014-2015	Part B Preschool 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ 22,111	\$ -	\$ -	\$ 2,177	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	8,970	277,240	-	-	8,404
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	8,970	277,240	-	-	8,404
Disbursements:							
Instruction	-	-	31,081	296,029	-	2,177	8,404
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	31,081	296,029	-	2,177	8,404
Excess (deficiency) of receipts over disbursements	-	-	(22,111)	(18,789)	-	(2,177)	-
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	-	-	(22,111)	(18,789)	-	(2,177)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (18,789)	\$ -	\$ -	\$ -

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, 2016

	Part B Preschool TA	Technology Related Assistance for Individuals With Disabilities	Medicaid Reimbursement - Federal	Title II Part A 2014-2016	Payroll Withholding Clearing Accounts	Totals
Cash and investments - beginning	\$ -	\$ 34	\$ 7,658	\$ -	\$ 38,237	\$ 8,321,073
Receipts:						
Local sources	-	-	-	-	-	5,087,362
Intermediate sources	-	-	-	-	-	8
State sources	-	-	-	-	-	9,474,818
Federal sources	-	-	14,979	-	-	752,742
Temporary loans	-	-	-	-	-	137,551
Other receipts	-	-	-	-	2,259,921	2,261,872
Total receipts	-	-	14,979	-	2,259,921	17,714,353
Disbursements:						
Instruction	-	34	2,502	-	-	6,377,411
Support services	-	-	7,499	-	-	5,148,766
Noninstructional services	-	-	-	-	-	859,472
Facilities acquisition and construction	-	-	-	-	-	1,307,839
Debt service	-	-	-	-	-	2,267,590
Nonprogrammed charges	-	-	-	-	-	14,000
Interfund loans	-	-	-	-	2,265,662	2,265,662
Total disbursements	-	34	10,001	-	2,265,662	18,240,740
Excess (deficiency) of receipts over disbursements	-	(34)	4,978	-	(5,741)	(526,387)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	2,967
Transfers out	-	-	-	-	-	(2,967)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(34)	4,978	-	(5,741)	(526,387)
Cash and investments - ending	\$ -	\$ -	\$ 12,636	\$ -	\$ 32,496	\$ 7,794,686

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MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,074,110</u>	<u>\$ -</u>

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF LEASES AND DEBT
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Monroe-Gregg Grade School Building Corporation	Monrovia Elementary	\$ 965,000	1/15/2007	1/15/2027
Total of annual lease payments		<u>\$ 965,000</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	Pension Bond		\$ 770,000	\$ 168,000
General obligation bonds	QSCB Energy Savings Improvements		452,000	341,309
General obligation bonds	Equipment and land purchase		1,460,000	211,714
Notes and loans payable	Common School Technology #2		55,688	29,236
Notes and loans payable	Common School Technology #3		112,769	29,109
Notes and loans payable	Common School Grade School		6,331,282	579,671
Notes and loans payable	Common School Technology #4		135,004	28,148
Notes and loans payable	Common School Technology #5		<u>137,551</u>	<u>15,647</u>
Total governmental activities			<u>9,454,294</u>	<u>1,402,834</u>
Totals			<u>\$ 9,454,294</u>	<u>\$ 1,402,834</u>

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS
June 30, 2016

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:	
Land	\$ 1,623,164
Buildings	43,141,145
Machinery, equipment, and vehicles	<u>3,165,721</u>
Total governmental activities	<u>47,930,030</u>
Total capital assets	<u>\$ 47,930,030</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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 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, 2014 to June 30, 2016. 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.

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 Corporation'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 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation 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, 2014 to June 30, 2016.

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 item 2016-002. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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 Corporation 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 Corporation'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 Corporation'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 a 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 2016-002, 2016-003, and 2016-004 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation'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

May 2, 2018

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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 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, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY2015	\$ 60,991	\$ -
School Breakfast Program			FY2016	-	70,100
Total - School Breakfast Program				60,991	70,100
National School Lunch Program					
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY2015	247,550	-
National School Lunch Program			FY2016	-	256,119
National School Lunch Program - Commodities			FY2015	46,052	-
National School Lunch Program - Commodities			FY2016	-	50,130
Total - National School Lunch Program				293,602	306,249
Total - Child Nutrition Cluster				354,593	376,349
Total - Department of Agriculture				354,593	376,349
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Part B 12-13			14213-063-PN01	1,557	-
Part B 13-14			14214-063-PN01	113,270	-
Part B 14-15			14215-152-PN01	294,380	8,970
Part B 15-16			14216-121-PN01	-	277,240
Technical Assistance			99914-063-TA01	6,886	-
Total - Special Education Grants to States				416,093	286,210

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2015 and 2016

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 06-30-15	Total Federal Awards Expended 06-30-16
Special Education Preschool Grants	Indiana Department of Education	84.173			
Preschool 13-14			14214-063-PN01	3,093	-
Preschool 14-15			45715-152-PN01	8,499	-
Preschool 15-16			45716-121-PN01	-	8,404
Total - Special Education Preschool Grants				<u>11,592</u>	<u>8,404</u>
Total - Special Education Cluster (IDEA)				<u>427,685</u>	<u>294,614</u>
Title I Grants to Local Education Agencies	Indiana Department of Education	84.010			
Title I 2014-2015			15-5900	135,203	2,966
Title I 2015-2016			16-5900	-	113,963
Total - Title I Grants to Local Educational Agencies				<u>135,203</u>	<u>116,929</u>
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title II Part A 2014-2016			S367A150015	<u>33,492</u>	-
Total - Department of Education				<u>596,380</u>	<u>411,543</u>
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medicaid Assistance Program	Direct Grant	93.778			
Medicaid Reimbursement			FY 14-15	11,528	-
Medicaid Reimbursement			FY 15-16	-	14,979
Total - Medicaid Cluster				<u>11,528</u>	<u>14,979</u>
Total - Department of Health and Human Services				<u>11,528</u>	<u>14,979</u>
Total federal awards expended				<u>\$ 962,501</u>	<u>\$ 802,871</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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
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

Child Nutrition Cluster
Special Education Cluster (IDEA)

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 2016-001

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat of Finding 2014-001 from the immediately prior audit.

Condition

The School Corporation 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).

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

Context

The SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were overstated by \$392,855 for fiscal year 2015 and \$425,778 for fiscal year 2016.
2. The Special Education Cluster (IDEA) was understated by \$145,149 for fiscal year 2015.
3. The Improving Teacher Quality State Grants were understated by \$33,492 for fiscal 2015 due to the grant being omitted.
4. The state grants were included resulting in an overstatement of \$63,403 for fiscal year 2015 and overstatement of \$29,898 for fiscal year 2016.
5. The Medicaid Assistance Program was overstated by \$85 for fiscal year 2015 and understated \$14,979 for fiscal year 2016 due to the grant being omitted.

Additionally, other errors included omission of federal CFDA numbers, incorrect and/or omitted program titles, pass-through entities, and/or pass-through entity (or other) identifying numbers.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

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 § _____.310. . . ."

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

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.
- (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."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish controls enabled material misstatements of the SEFA.

Recommendation

We recommended that the School Corporation's management establish controls to prevent, or detect and correct, errors on the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2016-002

Subject: Child Nutrition Cluster - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat of Finding 2014-004 from the immediately prior audit.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Cash Management compliance requirement. The School Corporation did not monitor the net cash resources of the School Lunch fund to ensure the amount did not exceed three months average expenditures.

Context

The School Corporation was required to limit its net cash resources to an amount that did not exceed three months average expenditures for its nonprofit school. During the entire audit period, the School Corporation's School Lunch fund net cash resources exceeded the three months average expenditures. The plan outlined for draw down submitted to Indiana Department of Education was not properly implemented.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

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

7 CFR 210.14(b) states: "*Net cash resources.* 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)."

7 CFR 220.7(e)(1)(iv) states in part: "Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

The School Corporation's management had not established and implemented an effective internal control system to ensure compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Procurement and Suspension and Debarment, Program Income, Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Procurement and Suspension and Debarment, Program Income, and Reporting.

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

Procurement and Suspension and Debarment

The School Corporation did not have procedures in place for small purchases to ensure three quotes were obtained prior to the purchase a piece of equipment.

Program Income

The School Corporation had not designed or implemented adequate policies and procedures to ensure that all of the collections received for sold breakfast and lunches were properly deposited and recorded into the School Lunch fund. The School Corporation also did not effectively implement an internal control to segregate duties between the individual who prepared the daily deposit and the individual who deposited the money daily.

Reporting

The School Corporation had not designed or implemented adequate policies and procedures to ensure the Annual Financial Reports and School Food Authority (SFA) Verification Collection Reports were accurate prior to submission. One person prepared and submitted the reports. There was no segregation of duties, such as an oversight, review, or approval process.

Context

The lack of properly designed and implemented controls was a systemic problem, which occurred throughout the audit period.

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

The School Corporation's management had not established and implemented an effective internal control system that segregated key functions.

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2016-004

Subject: Special Education Cluster (IDEA) - Matching, Level of Effort, Earmarking

Federal Agency: Department of Education

Federal Programs: Special Education Grants to States, Special Education Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-063-PN01, 14214-063-PN01,
14215-152-PN01, 14216-121-PN01,
99914-063-TA01, 45715-152-PN01,
45716-121-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement. The Treasurer was responsible for ensuring compliance with the compliance requirements without an adequate system of oversight or review. There was no segregation of duties, such as oversight, review, or approval process.

Context

The lack of controls were systemic issues, which occurred throughout the audit.

Criteria

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)

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls that segregated key functions.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirement. A lack of segregation of duties within an internal control system could have allowed noncompliance with the Matching, Level of Effort, and Earmarking compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

AUDITEE-PREPARED DOCUMENTS

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

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 2014-003 Allowable Costs

Fiscal year in which the finding initially occurred: 2012
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 X 1003

Status of Audit Finding:

All federal grants Title I, Title II Part A, Child Nutrition and Special Education Directors are submitting a list Semi-Annually of employees working on a single cost objective. The list are being kept in the grant file in which it pertains to. Child Nutrition documents are being kept by the Food Service Director.

FINDING 2014-004 Cash Management

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 X 1003

Status of Audit Finding:

The Child Nutrition fund is now being monitored and the balance is being kept at the three month average after the purchase of a dishwasher, a \$1.00 per hour raise has been given to all employees and \$25,000 has been earmarked for the purchase of two double stack ovens.

FINDING 2014-005 Special Tests and Provisions – Verification of Free and Reduced Price Applications

Fiscal year in which the finding initially occurred: 2014
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 X 1003

Status of Audit Finding:

They are keeping correct records of all correspondence, verifications and all applications are being maintained and signed correctly.

FINDING 2014-006 Equipment and Real Property Management

Fiscal year in which the finding initially occurred: 2014

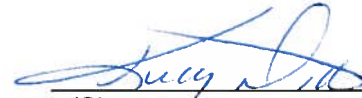
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer

Contact Phone Number: 317-996-3720 X 1003

Status of Audit Finding:

An inventory list of all equipment purchase and disposed of is now being kept by the Food Service Director.



(Signature)

Corporation Treasurer

(Title)

March 19, 2018

(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

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CORRECTIVE ACTION PLAN

FINDING 2016-001

Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2016-001

Description of Corrective Action Plan: Corporation Treasurer shall submit and ensure all Federal Awards are reported and State Awards are omitted from the report. Corporation Treasurer will implement a cross check and review with the Deputy Treasurer to help insure reporting accuracy.

Anticipated Completion Date: Implementation of Corrective Action Plan will take effect beginning with the 2018 Reporting cycle.

FINDING 2016-002

Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2016-002

Description of Corrective Action Plan: Corporation Treasurer will continue to correspond with Food Service Director to monitor the cash balance so that it does not exceed the three month average expenditures. The Food Service Director will outline a standing draw down plan to implement future purchases and staff raises.

Anticipated Completion Date: Implementation of Corrective Action Plan will take effect immediately.

FINDING 2016-003

Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2016-003

Description of Corrective Action Plan: The School District will implement a requirement of no less than three quotes for equipment costing more than \$3,000.

Next, the School District will set up a separate fund to track pre-paid lunch. Fund number 840

Finally, the Head Cashier will prepare and initial daily deposits and the Food Service Director will calculate the deposit for accuracy, sign and take to bank for deposit.

Anticipated Completion Date: Implementation of Corrective Action Plan will take effect immediately.

FINDING 2016-004

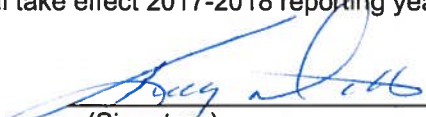
Contact Person Responsible for Corrective Action: Kelly Dillon

Contact Phone Number: 317-996-3720 x1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2016-004

Description of Corrective Action Plan: Special Education Reporting. Treasurer will implement a cross check and review with the Special Education Director to help insure reporting accuracy. Should the Special Education Director be unavailable the Deputy Treasurer will cross check reports for accuracy.

Anticipated Completion Date: Implementation of Corrective Action Plan will take effect 2017-2018 reporting year



(Signature)

Corporation Treasurer

(Title)

4/30/2018

(Date)

OTHER REPORTS

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