

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, 2016 to June 30, 2018



FILED
03/21/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kelly Dillon	07-01-16 to 06-30-19
Superintendent of Schools	Dr. William E. Roberson	07-01-16 to 06-30-18
	Dr. Kirk Freeman	07-01-18 to 06-30-19
President of the School Board	Scott Everett	07-01-16 to 12-31-16
	Jack Elliott	01-01-17 to 12-31-17
	Chris Williams	01-01-18 to 12-31-18
	Tom Kennedy	01-01-19 to 12-31-19



STATE OF INDIANA
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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, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 February 14, 2019, 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

February 14, 2019



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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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated February 14, 2019, 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.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001, that we consider 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 of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 2018-001.

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

February 14, 2019

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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, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 3,608,674	\$ 9,901,250	\$ 9,728,097	\$ -	\$ 3,781,827	\$ 9,976,100	\$ 9,920,374	\$ -	\$ 3,837,553
Debt Service	472,679	2,386,759	2,333,066	-	526,372	2,361,027	2,241,643	-	645,756
Retirement/Severance Bond Debt Service	107,489	115,963	145,159	-	78,293	147,587	143,603	-	82,277
Capital Projects	975,897	949,675	1,233,384	-	692,188	931,220	780,735	-	842,673
School Transportation	587,103	940,127	899,652	-	627,578	957,486	993,063	-	592,001
School Bus Replacement	485,529	213,585	316	-	698,798	169,624	330,122	-	538,300
Rainy Day	775,670	106,553	167,798	-	714,425	-	260,416	-	454,009
Retirement/Severance Bond	180,001	-	16,240	-	163,761	-	19,153	-	144,608
Help Loan #3 Tractor	-	22,921	22,921	-	-	-	-	-	-
Common School #6	-	149,800	137,152	-	12,648	-	12,648	-	-
Common School #7	-	-	-	-	-	151,573	151,573	-	-
School Lunch	330,126	858,439	778,575	-	409,990	855,514	874,565	-	390,939
Textbook Rental	192,790	180,780	162,354	-	211,216	181,604	170,954	-	221,866
Alternative Education	6,118	5,951	3,448	-	8,621	7,017	281	-	15,357
MES School Library	165	-	165	-	-	460	-	-	460
MMS School Library	280	-	-	-	280	500	-	-	780
MHS School Library	1,827	20	-	-	1,847	871	-	-	2,718
Early Intervention Grant	-	6,367	-	-	6,367	-	6,337	-	30
Instructional Support	-	-	-	-	-	-	-	-	-
Greenhouse Donation	-	-	-	-	-	7,500	3,300	-	4,200
FFA Fund	22,240	-	23,004	10,188	9,424	-	350	-	9,074
Verizon Cell Tower	18,014	27,094	31,200	-	13,908	24,794	14,000	-	24,702
Supplies Endowment	1,482	-	1,482	-	-	-	-	-	-
United Way Read Up	2,500	1,500	1,802	-	2,198	1,500	1,773	-	1,925
United Way Jump In	-	5,000	5,000	-	-	-	-	-	-
High Ability 2015-2016	7,823	-	7,823	-	-	-	-	-	-
High Ability 2016-2017	-	30,707	30,707	-	-	-	-	-	-
High Ability 2017-2018	-	-	-	-	-	30,519	28,485	-	2,034
Formative Assessment	-	15,340	13,515	-	1,825	18,076	19,901	-	-
Driver Education	2,415	-	-	-	2,415	-	-	-	2,415
Classroom Innovation in Math	1	-	-	-	1	-	-	-	1
Connectivity	-	21,965	16,566	-	5,399	19,062	19,692	-	4,769
Technology Plan Grants [IC 20-40-15]	-	3,818	1,909	-	1,909	4,169	2,085	-	3,993
Performance Based Awards	-	-	-	-	-	-	-	-	-
Go Bond Refinance	-	-	22,604	22,604	-	-	(500)	(500)	-
IDHS Secured School Safety	8,937	-	-	-	8,937	-	-	-	8,937
Auditorium Land Purchase	-	-	28,351	45,000	16,649	-	-	500	17,149
Title 1 2015-2016	(19,418)	19,418	-	-	-	-	-	-	-
Title 1 2016-2017	-	140,222	140,222	-	-	-	-	-	-
Title 1 2017-2018	-	-	-	-	-	112,795	112,795	-	-
Part B 2015-2016	(18,789)	18,789	-	-	-	-	-	-	-
2016-2017 Part B	-	296,426	309,496	-	(13,070)	21,077	8,007	-	-
2017-2018 Part B	-	-	-	-	-	324,962	324,962	-	-
2016-2017 Part B Preschool	-	8,962	8,962	-	-	-	-	-	-
2017-2018 Part B Preschool	-	-	-	-	-	8,903	8,903	-	-
Medicaid Reimbursement - Federal	12,636	26,033	13,289	-	25,380	18,252	16,944	-	26,688
Title II Part A 2014-2016	-	34,725	34,725	-	-	-	-	-	-
Payroll Clearing Funds	32,496	2,392,669	2,374,474	-	50,691	2,321,811	2,319,298	-	53,204
Title II Part A 2017-2018	-	-	-	-	-	25,103	25,103	-	-
Totals	\$ 7,794,685	\$ 18,880,858	\$ 18,693,458	\$ 77,792	\$ 8,059,877	\$ 18,679,106	\$ 18,810,565	\$ -	\$ 7,928,418

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.

F. Other Financing Sources and Uses

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

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

Proceeds of long-term debt. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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.

Note 4. Deposits and Investments

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

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

State statutes authorize the School Corporation to invest in securities including, but not limited to, 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:

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

Funding Policy and Annual Pension Cost

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

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficit

The financial statement contains one fund with a deficit in cash. This is a result of the fund being for a reimbursable grant. The reimbursement for expenditures made by the School Corporation were not received by June 30, 2017.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with Monroe-Gregg 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 ending June 30, 2017 and 2018, totaled \$1,008,150 and \$1,158,000, respectively.

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

Note 9. Subsequent Event

On December 10, 2018, the School Board approved a transfer from the General fund to the Rainy Day fund in the amount of \$1,250,000.

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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, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Help Loan #3 Tractor	Common School #6
Cash and investments - beginning	\$ 3,608,674	\$ 472,679	\$ 107,489	\$ 975,897	\$ 587,103	\$ 485,529	\$ 775,670	\$ 180,001	\$ -	\$ -
Receipts:										
Local sources	159,347	2,386,759	115,963	899,675	940,127	213,585	106,553	-	22,921	-
Intermediate sources	14	-	-	-	-	-	-	-	-	-
State sources	9,741,666	-	-	50,000	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	149,800
Other receipts	223	-	-	-	-	-	-	-	-	-
Total receipts	9,901,250	2,386,759	115,963	949,675	940,127	213,585	106,553	-	22,921	149,800
Disbursements:										
Instruction	6,020,376	-	-	-	1,617	-	-	16,240	-	-
Support services	3,526,351	-	-	476,041	898,035	316	1,190	-	-	-
Noninstructional services	179,555	8,980	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	757,343	-	-	166,608	-	22,921	137,152
Debt service	-	2,324,086	145,159	-	-	-	-	-	-	-
Nonprogrammed charges	1,815	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,728,097	2,333,066	145,159	1,233,384	899,652	316	167,798	16,240	22,921	137,152
Excess (deficiency) of receipts over disbursements	173,153	53,693	(29,196)	(283,709)	40,475	213,269	(61,245)	(16,240)	-	12,648
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	173,153	53,693	(29,196)	(283,709)	40,475	213,269	(61,245)	(16,240)	-	12,648
Cash and investments - ending	\$ 3,781,827	\$ 526,372	\$ 78,293	\$ 692,188	\$ 627,578	\$ 698,798	\$ 714,425	\$ 163,761	\$ -	\$ 12,648

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, 2017

	Common School #7	School Lunch	Textbook Rental	Alternative Education	MES School Library	MMS School Library	MHS School Library	Early Intervention Grant	Instructional Support	Greenhouse Donation
Cash and investments - beginning	\$ -	\$ 330,126	\$ 192,790	\$ 6,118	\$ 165	\$ 280	\$ 1,827	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	499,973	136,950	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	7,253	43,830	5,951	-	-	20	6,367	-	-
Federal sources	-	351,213	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	858,439	180,780	5,951	-	-	20	6,367	-	-
Disbursements:										
Instruction	-	-	-	2,470	-	-	-	-	-	-
Support services	-	-	162,354	-	165	-	-	-	-	-
Noninstructional services	-	778,575	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	978	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	778,575	162,354	3,448	165	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	79,864	18,426	2,503	(165)	-	20	6,367	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	79,864	18,426	2,503	(165)	-	20	6,367	-	-
Cash and investments - ending	\$ -	\$ 409,990	\$ 211,216	\$ 8,621	\$ -	\$ 280	\$ 1,847	\$ 6,367	\$ -	\$ -

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, 2017

	FFA Fund	Verizon Cell Tower	Supplies Endowment	United Way Read Up	United Way Jump In	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Formative Assessment	Driver Education
Cash and investments - beginning	\$ 22,240	\$ 18,014	\$ 1,482	\$ 2,500	\$ -	\$ 7,823	\$ -	\$ -	\$ -	\$ 2,415
Receipts:										
Local sources	-	27,094	-	-	5,000	-	-	-	-	-
Intermediate sources	-	-	-	1,500	-	-	-	-	-	-
State sources	-	-	-	-	-	-	30,707	-	15,340	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	27,094	-	1,500	5,000	-	30,707	-	15,340	-
Disbursements:										
Instruction	23,004	3,200	1,482	1,802	5,000	7,823	30,629	-	13,515	-
Support services	-	-	-	-	-	-	78	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	28,000	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,004	31,200	1,482	1,802	5,000	7,823	30,707	-	13,515	-
Excess (deficiency) of receipts over disbursements	(23,004)	(4,106)	(1,482)	(302)	-	(7,823)	-	-	1,825	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	10,188	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	10,188	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,816)	(4,106)	(1,482)	(302)	-	(7,823)	-	-	1,825	-
Cash and investments - ending	\$ 9,424	\$ 13,908	\$ -	\$ 2,198	\$ -	\$ -	\$ -	\$ -	\$ 1,825	\$ 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, 2017

	Classroom Innovation In Math	Connectivity	Technology Plan Grants [IC 20-40-15]	Performance Based Awards	Go Bond Refinance	IDHS Secured School Safety	Auditorium Land Purchase	Title 1 2015-2016	Title 1 2016-2017	Title 1 2017-2018
Cash and investments - beginning	\$ 1	\$ -	\$ -	\$ -	\$ -	\$ 8,937	\$ -	\$ (19,418)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	21,965	3,818	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	19,418	140,222	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	21,965	3,818	-	-	-	-	19,418	140,222	-
Disbursements:										
Instruction	-	-	1,909	-	-	-	-	-	58,698	-
Support services	-	16,566	-	-	-	-	-	-	81,524	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	22,604	-	28,351	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	16,566	1,909	-	22,604	-	28,351	-	140,222	-
Excess (deficiency) of receipts over disbursements	-	5,399	1,909	-	(22,604)	-	(28,351)	19,418	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	22,604	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	45,000	-	-	-
Total other financing sources (uses)	-	-	-	-	22,604	-	45,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,399	1,909	-	-	-	16,649	19,418	-	-
Cash and investments - ending	\$ 1	\$ 5,399	\$ 1,909	\$ -	\$ -	\$ 8,937	\$ 16,649	\$ -	\$ -	\$ -

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, 2017

	Part B 2015-2016	2016-2017 Part B	2017-2018 Part B	2016-2017 Part B Preschool	2017-2018 Part B Preschool	Medicaid Reimbursement - Federal	Title II Part A 2014-2016	Payroll Clearing Funds	Title II Part A 2017-2018	Totals
Cash and investments - beginning	\$ (18,789)	\$ -	\$ -	\$ -	\$ -	\$ 12,636	\$ -	\$ 32,496	\$ -	\$ 7,794,685
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	5,513,947
Intermediate sources	-	-	-	-	-	-	-	-	-	1,514
State sources	-	-	-	-	-	-	-	-	-	9,926,917
Federal sources	18,789	296,426	-	8,962	-	26,033	34,725	-	-	895,788
Temporary loans	-	-	-	-	-	-	-	-	-	149,800
Other receipts	-	-	-	-	-	-	-	2,392,669	-	2,392,892
Total receipts	18,789	296,426	-	8,962	-	26,033	34,725	2,392,669	-	18,880,858
Disbursements:										
Instruction	-	299,296	-	8,962	-	9,491	34,725	-	-	6,540,239
Support services	-	-	-	-	-	1,621	-	-	-	5,164,241
Noninstructional services	-	-	-	-	-	-	-	-	-	967,110
Facilities acquisition and construction	-	10,200	-	-	-	2,177	-	-	-	1,148,334
Debt service	-	-	-	-	-	-	-	-	-	2,469,245
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	29,815
Interfund loans	-	-	-	-	-	-	-	2,374,474	-	2,374,474
Total disbursements	-	309,496	-	8,962	-	13,289	34,725	2,374,474	-	18,693,458
Excess (deficiency) of receipts over disbursements	18,789	(13,070)	-	-	-	12,744	-	18,195	-	187,400
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	22,604
Sale of capital assets	-	-	-	-	-	-	-	-	-	55,188
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	77,792
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,789	(13,070)	-	-	-	12,744	-	18,195	-	265,192
Cash and investments - ending	\$ -	\$ (13,070)	\$ -	\$ -	\$ -	\$ 25,380	\$ -	\$ 50,691	\$ -	\$ 8,059,877

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, 2018

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Help Loan #3 Tractor	Common School #6
Cash and investments - beginning	\$ 3,781,827	\$ 526,372	\$ 78,293	\$ 692,188	\$ 627,578	\$ 698,798	\$ 714,425	\$ 163,761	\$ -	\$ 12,648
Receipts:										
Local sources	99,344	2,361,027	147,587	931,220	957,486	169,624	-	-	-	-
Intermediate sources	15	-	-	-	-	-	-	-	-	-
State sources	9,876,741	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	9,976,100	2,361,027	147,587	931,220	957,486	169,624	-	-	-	-
Disbursements:										
Instruction	5,965,688	-	-	-	849	-	-	19,153	-	-
Support services	3,749,594	9,077	-	290,999	992,214	330,122	-	-	-	-
Noninstructional services	145,668	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	59,424	-	-	489,736	-	-	260,416	-	-	12,648
Debt service	-	2,232,566	143,603	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,920,374	2,241,643	143,603	780,735	993,063	330,122	260,416	19,153	-	12,648
Excess (deficiency) of receipts over disbursements	55,726	119,384	3,984	150,485	(35,577)	(160,498)	(260,416)	(19,153)	-	(12,648)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,726	119,384	3,984	150,485	(35,577)	(160,498)	(260,416)	(19,153)	-	(12,648)
Cash and investments - ending	\$ 3,837,553	\$ 645,756	\$ 82,277	\$ 842,673	\$ 592,001	\$ 538,300	\$ 454,009	\$ 144,608	\$ -	\$ -

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, 2018

	Common School #7	School Lunch	Textbook Rental	Alternative Education	MES School Library	MMS School Library	MHS School Library	Early Intervention Grant	Instructional Support	Greenhouse Donation
Cash and investments - beginning	\$ -	\$ 409,990	\$ 211,216	\$ 8,621	\$ -	\$ 280	\$ 1,847	\$ 6,367	\$ -	\$ -
Receipts:										
Local sources	-	475,867	136,433	-	-	-	-	-	-	7,500
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	7,515	45,171	7,017	460	500	871	-	-	-
Federal sources	-	372,132	-	-	-	-	-	-	-	-
Temporary loans	151,573	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	151,573	855,514	181,604	7,017	460	500	871	-	-	7,500
Disbursements:										
Instruction	-	-	-	281	-	-	-	6,337	-	-
Support services	-	-	170,954	-	-	-	-	-	-	-
Noninstructional services	-	874,565	-	-	-	-	-	-	-	-
Facilities acquisition and construction	151,573	-	-	-	-	-	-	-	-	3,300
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	151,573	874,565	170,954	281	-	-	-	6,337	-	3,300
Excess (deficiency) of receipts over disbursements	-	(19,051)	10,650	6,736	460	500	871	(6,337)	-	4,200
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(19,051)	10,650	6,736	460	500	871	(6,337)	-	4,200
Cash and investments - ending	\$ -	\$ 390,939	\$ 221,866	\$ 15,357	\$ 460	\$ 780	\$ 2,718	\$ 30	\$ -	\$ 4,200

MONROE-GREGG SCHOOL DISTRICT
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2018

	FFA Fund	Verizon Cell Tower	Supplies Endowment	United Way Read Up	United Way Jump In	High Ability 2015-2016	High Ability 2016-2017	High Ability 2017-2018	Formative Assessment	Driver Education
Cash and investments - beginning	\$ 9,424	\$ 13,908	\$ -	\$ 2,198	\$ -	\$ -	\$ -	\$ -	\$ 1,825	\$ 2,415
Receipts:										
Local sources	-	24,794	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	1,500	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	30,519	18,076	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	24,794	-	1,500	-	-	-	30,519	18,076	-
Disbursements:										
Instruction	350	-	-	1,773	-	-	-	28,485	19,901	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	14,000	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	350	14,000	-	1,773	-	-	-	28,485	19,901	-
Excess (deficiency) of receipts over disbursements	(350)	10,794	-	(273)	-	-	-	2,034	(1,825)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(350)	10,794	-	(273)	-	-	-	2,034	(1,825)	-
Cash and investments - ending	\$ 9,074	\$ 24,702	\$ -	\$ 1,925	\$ -	\$ -	\$ -	\$ 2,034	\$ -	\$ 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, 2018

	Classroom Innovation In Math	Connectivity	Technology Plan Grants [IC 20-40-15]	Performance Based Awards	Go Bond Refinance	IDHS Secured School Safety	Auditorium Land Purchase	Title 1 2015-2016	Title 1 2016-2017	Title 1 2017-2018
Cash and investments - beginning	\$ 1	\$ 5,399	\$ 1,909	\$ -	\$ -	\$ 8,937	\$ 16,649	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	19,062	4,169	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	112,795
Temporary loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	19,062	4,169	-	-	-	-	-	-	112,795
Disbursements:										
Instruction	-	-	2,085	-	-	-	-	-	-	111,587
Support services	-	19,692	-	-	-	-	-	-	-	608
Noninstructional services	-	-	-	-	-	-	-	-	-	600
Facilities acquisition and construction	-	-	-	-	(500)	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	19,692	2,085	-	(500)	-	-	-	-	112,795
Excess (deficiency) of receipts over disbursements	-	(630)	2,084	-	500	-	-	-	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	(500)	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	500	-	-	-
Total other financing sources (uses)	-	-	-	-	(500)	-	500	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(630)	2,084	-	-	-	500	-	-	-
Cash and investments - ending	\$ 1	\$ 4,769	\$ 3,993	\$ -	\$ -	\$ 8,937	\$ 17,149	\$ -	\$ -	\$ -

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, 2018

	Part B 2015-2016	2016-2017 Part B	2017-2018 Part B	2016-2017 Part B Preschool	2017-2018 Part B Preschool	Medicaid Reimbursement - Federal	Title II Part A 2014-2016	Payroll Clearing Funds	Title II Part A 2017-2018	Totals
Cash and investments - beginning	\$ -	\$ (13,070)	\$ -	\$ -	\$ -	\$ 25,380	\$ -	\$ 50,691	\$ -	\$ 8,059,877
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	5,310,882
Intermediate sources	-	-	-	-	-	-	-	-	-	1,515
State sources	-	-	-	-	-	-	-	-	-	10,010,101
Federal sources	-	21,077	324,962	-	8,903	18,252	-	-	25,103	883,224
Temporary loans	-	-	-	-	-	-	-	-	-	151,573
Other receipts	-	-	-	-	-	-	-	2,321,811	-	2,321,811
Total receipts	-	21,077	324,962	-	8,903	18,252	-	2,321,811	25,103	18,679,106
Disbursements:										
Instruction	-	8,007	283,151	-	8,903	13,837	-	-	25,103	6,495,490
Support services	-	-	41,811	-	-	3,107	-	-	-	5,608,178
Noninstructional services	-	-	-	-	-	-	-	-	-	1,020,833
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	976,597
Debt service	-	-	-	-	-	-	-	-	-	2,376,169
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	14,000
Interfund loans	-	-	-	-	-	-	-	2,319,298	-	2,319,298
Total disbursements	-	8,007	324,962	-	8,903	16,944	-	2,319,298	25,103	18,810,565
Excess (deficiency) of receipts over disbursements	-	13,070	-	-	-	1,308	-	2,513	-	(131,459)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	(500)
Sale of capital assets	-	-	-	-	-	-	-	-	-	500
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	13,070	-	-	-	1,308	-	2,513	-	(131,459)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 26,688	\$ -	\$ 53,204	\$ -	\$ 7,928,418

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MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 2,023,363</u>	<u>\$ -</u>

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Monroe-Gregg Building Corporation	Monroe-Gregg Grade School 2016A	\$ 664,500	12/31/2016	12/31/2026
Monroe-Gregg Building Corporation	Monroe-Gregg Grade School Technology	321,500	12/31/2016	6/30/2019
Monroe-Gregg Building Corporation	Monroe-Gregg Grade School 2016B	344,000	6/30/2017	12/31/2034
Monroe-Gregg Building Corporation	Monroe-Gregg Grade School 2017*	-	6/30/2017	12/31/2035
Total of annual lease payments		<u>\$ 1,330,000</u>		

* The first scheduled lease payments is due July 15, 2026.

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Energy Savings 2018	\$ 1,160,524	\$ 163,156
General obligation bonds	Equipment and land purchase	1,075,000	200,750
General obligation bonds	Pension Bond	455,000	146,583
Notes and loans payable	Common School Grade School	5,481,930	579,671
Notes and loans payable	Common School Technology #3	42,288	28,545
Notes and loans payable	Common School Technology #4	67,502	27,608
Notes and loans payable	Common School Technology #5	96,286	28,404
Notes and loans payable	Common School Technology #6	134,820	31,233
Notes and loans payable	Common School Technology #7	151,570	32,495
Totals		<u>\$ 8,664,920</u>	<u>\$ 1,238,445</u>

MONROE-GREGG SCHOOL DISTRICT
SCHEDULE OF CAPITAL ASSETS
June 30, 2018

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	54,258,345
Machinery, equipment, and vehicles	<u>3,326,208</u>
Total capital assets	<u>\$ 59,207,717</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR THE 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 the Major Federal Program

We have audited the Monroe-Gregg School District's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2016 to June 30, 2018. The School Corporation's major federal program is 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 federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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 the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

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

Opinion on the 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 its major federal program for the period of July 1, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-003. Our opinion on the 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 the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, 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.


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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-002 and 2018-003, that we consider to be material weaknesses.

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

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

February 14, 2019

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, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553			
School Breakfast Program			FY2017	\$ 77,555	\$ -
School Breakfast Program			FY2018	-	84,731.00
Total - School Breakfast Program				77,555	84,731
National School Lunch Program	Indiana Department of Education	10.555			
National School Lunch Program			FY2017	273,658	-
National School Lunch Program			FY2018	-	287,401
National School Lunch Program - Commodities			FY2017	52,147	-
National School Lunch Program - Commodities			FY2018	-	59,847
Total - National School Lunch Program				325,805	347,248
Total - Child Nutrition Cluster				403,360	431,979
Total - Department of Agriculture				403,360	431,979
<u>Department of Education</u>					
Special Education Cluster (IDEA)					
Special Education Grants to States	Indiana Department of Education	84.027			
Part B 2015-2016			14216-121-PN01	18,789	-
Part B 2016-2017			14217-121-PN01	296,426	21,077
Part B 2017-2018			14218-121-PN01	-	324,962
Total - Special Education Grants to States				315,215	346,039
Special Education Preschool Grants	Indiana Department of Education	84.173			
Preschool 2016-2017			45717-121-PN01	8,962	-
Preschool 2017-2018			45718-121-PN01	-	8,903
Total - Special Education Preschool Grants				8,962	8,903
Total - Special Education Cluster (IDEA)				324,177	354,942

MONROE-GREGG SCHOOL DISTRICT
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-18
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2015-2016			16-5900	19,418	-
Title I 2016-2017			17-5900	140,222	-
Title I 2017-2018			18-5900	-	112,795
Total - Title I Grants to Local Educational Agencies				159,640	112,795
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367			
Title II Part A 2014-2016			16-5900	34,725	-
Title II Part A 2017			17-5900	-	25,103
Total - Supporting Effective Instruction State Grants				34,725	25,103
Total - Department of Education				518,542	492,840
<u>Department of Health and Human Services</u>					
Medicaid Cluster					
Medical Assistance Program	Direct Grant	93.778			
FY 16-17			FY 16-17	26,033	-
FY 17-18			FY 17-18	-	18,252
Total - Medical Assistance Program				26,033	18,252
Total - Medicaid Cluster				26,033	18,252
Total - Department of Health and Human Services				26,033	18,252
Total federal awards expended				\$ 947,935	\$ 943,071

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, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	yes
Significant deficiency identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Program and type of auditor's report issued on compliance for it:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

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

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-001.

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).

Context

The SEFA presented for audit contained the following errors:

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

1. The Child Nutrition Cluster was understated by \$80,250 and \$59,847 for the school years ended June 30, 2017 and 2018, respectively.
2. The Medical Assistance Program was understated by \$26,033 for the school year ended June 30, 2017.

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. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must be included.

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

- (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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

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.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-002

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): FY2017, FY2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Procurement and Suspension and Debarment, Reporting
Audit Finding: Material Weakness

Repeat Finding

This is a repeat of Finding 2016-003 from the immediately prior audit.

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

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

The School Corporation did not have procedures in place to ensure three quotes were obtained prior to the purchase of items identified as small purchases. As of January 2018, the School Corporation began to get quotes for small purchases.

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 related to the procurement requirements was an issue that existed until January 2018. The lack of properly designed and implemented controls related to Reporting was a systemic issue that occurred throughout the audit period.

Criteria

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 to ensure compliance with the compliance requirements listed above.

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 listed above.

Questioned Costs

There were no questioned costs identified.

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

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 2018-003

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): FY2017, FY2018
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2016-002.

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 net cash resources in the School Lunch fund to ensure that the net cash resources did not exceed three months average expenditures.

Context

The lack of controls was a systemic issue throughout the audit period. The School Corporation's School Lunch fund net cash resources exceeded the three months average expenditures during the entire audit period.

Criteria

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) states in part:

". . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . .

(iv) Limit its net cash resource 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 noncompliance 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.

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 2016-001 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2012
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: N/A
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 x1003

Status of Audit Finding: *During the 2018 reporting cycle the Corporation Treasurer implemented a cross check to detect and correct errors on the Schedule of Expenditures of Federal Awards (SEFA). To accomplish this, all supporting documentation along with the report was submitted to the Deputy Treasurer to cross check for accuracy before final submission.*

FINDING 2016-002 (Auditor Assigned Reference Number)

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 x1003

Status of Audit Finding: *The Food Service Director has outlined a standing draw down equipment and salary increase plan to hold the School Nutrition Fund at or below the three month average expenditure allowance.*

FINDING 2016-003 (Auditor Assigned Reference Number)

Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 x1003

Status of Audit Finding: *At completion of the 2016 audit, equipment purchases over \$3,000 now have three quotes, but not less than two if a third cannot be found. Fund 8400 was set up and began using July 1, 2018. All deposits are now cross checked and signed off by both the Head Cashier and Director of Food Services each day.*

FINDING 2016-004 (Auditor Assigned Reference Number)
Fiscal year in which the finding initially occurred: 2016
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Kelly Dillon, Treasurer
Contact Phone Number: 317-996-3720 x1003

Status of Audit Finding: *Cross checking duties and oversight, review or approval process is now be done by the Director of Special Education before the report is submitted. Should the Director of Special Education not be available the Deputy Treasurer will do the cross check.*



(Signature)

Corporation Treasurer

(Title)

January 28, 2019

(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).)

Monroe-Gregg Schools

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



CORRECTIVE ACTION PLAN

FINDING 2018-001 (Auditor Assigned Reference Number)
Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x 1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2018-001

Description of Corrective Action Plan: The Corporation Treasurer will obtain the Commodity report from the Food Service Director and report on the SEFA report.

The Medicaid Assistance Fund will be added to the SEFA report

The Corporation Treasurer shall continue to implement and improve on our current cross checking with the Deputy Treasurer to help insure reporting accuracy.

Anticipated Completion Date: Beginning with the 2019 report

FINDING 2018-002 (Auditor Assigned Reference Number)
Contact Person Responsible for Corrective Action: Kelly Dillon
Contact Phone Number: 317-996-3720 x 1003

Views of Responsible Official: Monroe-Gregg School District concurs with finding 2018-002

Description of Corrective Action Plan: Beginning January 2018 the Monroe-Gregg School District began getting three quotes for small purchases.

Anticipated Completion Date: January 2018

FINDING 2018-003 (Auditor Assigned Reference Number)
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 2018-003

Description of Corrective Action Plan: The Corporation Treasurer will review the month end expenditures, revenue and cash balance with the Food Service Director in order to monitor cash balance and the need to address spending.

Anticipated Completion Date: January 2019



(Signature)
Corporation Treasurer

(Title)
January 29, 2019

(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/>.