

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
MORGAN COUNTY, INDIANA

July 1, 2009 to June 30, 2011



**FILED**

03/07/2012



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sandra K. Hart	07-01-09 to 06-30-12
Superintendent of Schools	Ronald Furniss	07-01-09 to 06-30-12
President of the School Board	Mary Lou Thomas Charles Sampson Chuck Smith Kenny Costin	01-01-09 to 12-31-09 01-01-10 to 12-31-10 01-01-11 to 12-31-11 01-01-12 to 12-31-12



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF MARTINSVILLE, MORGAN COUNTY, INDIANA

We have audited the accompanying financial statement of the Metropolitan School District of Martinsville (School Corporation), for the years ended June 30, 2010 and 2011. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

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

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

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 years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 6, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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 has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt 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.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 6, 2012



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

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF MARTINSVILLE, MORGAN COUNTY, INDIANA

We have audited the financial statement of the Metropolitan School District of Martinsville (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 6, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

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

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

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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 6, 2012

## FINANCIAL STATEMENT

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 10,143,135	\$ 32,875,107	\$ 30,816,695	\$ (359,498)	\$ 11,842,049	\$ 33,344,366	\$ 34,486,446	\$ 3,523	\$ 10,703,492	
Debt Service	821,101	1,375,739	1,457,923	23,553	762,470	1,290,141	1,422,665	61,337	691,283	
Retirement/Severance Bond Debt Service	499,661	904,918	872,185	25,508	557,902	855,576	871,024	-	542,454	
Capital Projects	4,135,504	4,137,915	3,968,531	-	4,304,888	3,933,403	3,694,301	162,783	4,706,773	
School Transportation	1,749,337	2,682,771	2,611,090	-	1,821,018	2,622,817	2,404,141	162,509	2,202,203	
School Bus Replacement	1,172,416	551,413	215,258	-	1,508,571	595,915	-	27,151	2,131,637	
Special Education Preschool	27,000	53,623	57,848	(22,775)	-	-	-	-	-	
Rainy Day	500,000	-	-	544,340	1,044,340	-	-	-	1,044,340	
Construction	-	-	-	-	-	-	214,542	1,942,169	1,727,627	
School Lunch	174,090	2,414,586	2,367,675	-	221,001	2,716,338	2,366,441	-	570,898	
Textbook Rental	553,401	555,309	537,991	22,966	593,685	547,832	661,271	51,621	531,867	
Levy Excess	544,340	-	-	(544,340)	-	-	-	-	-	
South Central Indiana School Study	22,999	12,700	9,294	-	26,405	8,542	5,977	-	28,970	
Alternative Education	30,181	15,719	37,551	-	8,349	14,266	20,261	-	2,354	
Early Intervention Grant	-	98,758	98,758	-	-	98,300	98,200	-	100	
Stanley Lacy Program	1,038	-	907	-	131	-	-	-	131	
NREA Mini Grants	500	-	500	-	-	-	-	-	-	
Scholarships and Awards	204,039	28,504	36,458	-	196,085	26,503	20,527	-	202,061	
Donation- Kiwanis	-	-	-	-	-	300	-	-	300	
Morgan County Foundation - Donation	17,716	-	-	-	17,716	-	-	-	17,716	
Homeless - Donation	169	-	152	-	17	-	17	-	-	
K 2009/2010-S-30 PASS	-	22,400	22,400	-	-	-	-	-	-	
REMC Grant - Lilly Program	-	-	-	-	-	2,070	33	-	2,037	
REMC Grant - EMS	-	-	-	-	-	5,000	-	-	5,000	
Kendrick Grant	-	-	-	-	-	5,800	5,800	-	-	
St. Francis - Donation	600	600	306	-	894	1,200	1,111	-	983	
K 2010-11 S-19 PASS Program	-	-	-	-	-	23,000	23,000	-	-	
REMC Grant - Safe Drug Free	-	-	-	-	-	4,999	4,954	-	45	
Kendrick Grant K2008-2009-C2-09	276	-	276	-	-	-	-	-	-	
Knights of Columbus-PS	342	1,727	773	-	1,296	1,473	590	-	2,179	
Project 03410-195-PN01 GT	-	48,744	48,383	-	361	-	361	-	-	
Project 03411-195-PN01 GT	-	-	-	-	-	48,011	45,732	-	2,279	
Gifted/Talented	2,554	-	2,554	-	-	-	-	-	-	
Non English Speaking Program	3,550	-	-	-	3,550	-	-	-	3,550	
Technology Grants [IC 20-40-15]	69,756	-	57,217	-	12,539	-	12,539	-	-	
Excess PTRC Distributions	-	-	-	311,245	311,245	96,325	-	(407,570)	-	
Project 4R'S	172	-	172	-	-	-	-	-	-	

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2010 and 2011  
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Title I FY 2009	19,572	72,983	71,619	(20,936)	-	-	-	-	-
Title I FY 2011	-	-	-	-	-	613,668	687,208	39,000	(34,540)
Title I FY 2010	-	578,103	594,383	20,936	4,656	88,164	92,820	-	-
Project 07-5925	1,604	-	1,604	-	-	-	-	-	-
Project 08-5825 Title V	64,387	3,469	67,856	-	-	-	-	-	-
Stewart Homeless Assistance Act	55,000	-	53,978	-	1,022	5,815	6,837	-	-
Homeless 2010/2011	-	-	-	-	-	48,884	48,884	-	-
Homeless 2007/2008	2,944	-	2,944	-	-	-	-	-	-
Homeless 2008/2009	9,229	-	9,229	-	-	-	-	-	-
Learn and Serve America 2009/2010	-	20,000	17,250	-	2,750	-	2,750	-	-
Learn and Serve America 2010/2011	721	-	721	-	-	13,419	13,419	-	-
Learn and Serve America 2009	12,029	-	12,029	-	-	-	-	-	-
Project 14210-039-PN01	-	850,004	845,302	-	4,702	327,370	330,286	-	1,786
Project 14209-039-PN01	6,967	272,850	279,817	-	-	-	-	-	-
Project 14209-039-PN01 C/O	-	18,300	18,228	-	72	1,463	1,535	-	-
Project 14211-039-PN01	-	-	-	-	-	799,515	799,276	-	239
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	6,568	-	6,509	(59)	-	-	-	-	-
Federal Assistance Educational Preschool Handicapped	-	30,541	30,128	-	413	11,386	11,799	-	-
Project 45707-039-PN01 C/O PS	-	-	800	838	38	-	38	-	-
Project 45709-039-PN01 PS	4,719	4,836	8,717	(838)	-	-	-	-	-
Project 457-039-PN01 PS	-	-	-	-	-	30,951	30,951	-	-
Drug Free 2008-5925	150	-	150	-	-	-	-	-	-
Drug Free 2009-5925	-	18,326	15,533	-	2,793	-	2,793	-	-
Teaching American History	-	213,473	213,473	-	-	28,120	28,120	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	274	130,353	130,623	-	4	217,822	141,826	(39,000)	37,000
Fiscal Stabilization - Education	2,684,359	1,104,823	3,789,182	-	-	-	-	-	-
Title I - Grants to LEAs	-	282,936	340,201	-	(57,265)	168,908	111,643	-	-
Special Education - Part B	-	666,400	667,249	-	(849)	435,999	524,216	-	(89,066)
Special Education - Part B - Preschool	-	24,427	24,412	-	15	16,705	16,720	-	-
McKinney - Vento Education for Homeless	-	55,000	55,000	-	-	-	-	-	-
School Lunch Equipment	-	18,000	18,000	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	472,929	472,923	-	6
Payroll Withholdings	785,820	12,179,358	12,199,385	-	765,793	12,229,680	12,176,120	-	819,353
Totals	<u>\$ 24,328,220</u>	<u>\$ 62,324,715</u>	<u>\$ 62,695,219</u>	<u>\$ 940</u>	<u>\$ 23,958,656</u>	<u>\$ 61,752,975</u>	<u>\$ 61,860,097</u>	<u>\$ 2,003,523</u>	<u>\$ 25,855,057</u>

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*E. Disbursements*

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

*F. Other financing sources and uses*

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

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

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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. These risks may also be mitigated by the School Corporation by recording as a disbursement and replacement items purchased.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
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  
1 North Capital Street, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 286-3544

*Funding Policy and Annual Pension Cost*

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

### SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	Construction
Cash and investments - beginning	\$ 10,143,135	\$ 821,101	\$ 499,661	\$ 4,135,504	\$ 1,749,337	\$ 1,172,416	\$ 27,000	\$ 500,000	\$ -
Receipts:									
Local sources	2,177,203	1,375,739	904,918	4,137,915	2,681,456	551,413	-	-	-
Intermediate sources	89	-	-	-	-	-	-	-	-
State sources	30,663,905	-	-	-	-	-	53,623	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	33,910	-	-	-	1,315	-	-	-	-
Total receipts	<u>32,875,107</u>	<u>1,375,739</u>	<u>904,918</u>	<u>4,137,915</u>	<u>2,682,771</u>	<u>551,413</u>	<u>53,623</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	20,358,855	-	-	-	-	-	57,848	-	-
Support services	10,063,752	-	-	2,163,714	2,306,637	215,258	-	-	-
Noninstructional services	357,382	-	-	-	-	-	-	-	-
Facilities acquisition and construction	19,784	-	-	1,804,817	-	-	-	-	-
Debt services	-	1,457,923	872,185	-	304,453	-	-	-	-
Nonprogrammed charges	16,922	-	-	-	-	-	-	-	-
Total disbursements	<u>30,816,695</u>	<u>1,457,923</u>	<u>872,185</u>	<u>3,968,531</u>	<u>2,611,090</u>	<u>215,258</u>	<u>57,848</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,058,412</u>	<u>(82,184)</u>	<u>32,733</u>	<u>169,384</u>	<u>71,681</u>	<u>336,155</u>	<u>(4,225)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):									
Sale of capital assets	940	-	-	-	-	-	-	-	-
Transfers in	300,910	46,519	25,508	109,506	67,335	17,396	-	544,340	-
Transfers out	(661,348)	(22,966)	-	(109,506)	(67,335)	(17,396)	(22,775)	-	-
Total other financing sources (uses)	<u>(359,498)</u>	<u>23,553</u>	<u>25,508</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(22,775)</u>	<u>544,340</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,698,914</u>	<u>(58,631)</u>	<u>58,241</u>	<u>169,384</u>	<u>71,681</u>	<u>336,155</u>	<u>(27,000)</u>	<u>544,340</u>	<u>-</u>
Cash and investments - ending	<u>\$ 11,842,049</u>	<u>\$ 762,470</u>	<u>\$ 557,902</u>	<u>\$ 4,304,888</u>	<u>\$ 1,821,018</u>	<u>\$ 1,508,571</u>	<u>\$ -</u>	<u>\$ 1,044,340</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	School Lunch	Textbook Rental	Levy Excess	South Central Indiana School Study	Alternative Education	Early Intervention Grant	Stanley Lacy Program	NREA Mini Grants	Scholarships and Awards
Cash and investments - beginning	\$ 174,090	\$ 553,401	\$ 544,340	\$ 22,999	\$ 30,181	\$ -	\$ 1,038	\$ 500	\$ 204,039
Receipts:									
Local sources	1,276,142	372,202	-	12,700	-	-	-	-	28,504
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	25,908	183,107	-	-	15,719	98,758	-	-	-
Federal sources	1,112,536	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,414,586</u>	<u>555,309</u>	<u>-</u>	<u>12,700</u>	<u>15,719</u>	<u>98,758</u>	<u>-</u>	<u>-</u>	<u>28,504</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	37,551	98,758	907	500	-
Support services	935	537,991	-	9,294	-	-	-	-	-
Noninstructional services	2,366,740	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	36,458
Total disbursements	<u>2,367,675</u>	<u>537,991</u>	<u>-</u>	<u>9,294</u>	<u>37,551</u>	<u>98,758</u>	<u>907</u>	<u>500</u>	<u>36,458</u>
Excess (deficiency) of receipts over disbursements	<u>46,911</u>	<u>17,318</u>	<u>-</u>	<u>3,406</u>	<u>(21,832)</u>	<u>-</u>	<u>(907)</u>	<u>(500)</u>	<u>(7,954)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	22,966	-	-	-	-	-	-	-
Transfers out	-	-	(544,340)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>22,966</u>	<u>(544,340)</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>46,911</u>	<u>40,284</u>	<u>(544,340)</u>	<u>3,406</u>	<u>(21,832)</u>	<u>-</u>	<u>(907)</u>	<u>(500)</u>	<u>(7,954)</u>
Cash and investments - ending	<u>\$ 221,001</u>	<u>\$ 593,685</u>	<u>\$ -</u>	<u>\$ 26,405</u>	<u>\$ 8,349</u>	<u>\$ -</u>	<u>\$ 131</u>	<u>\$ -</u>	<u>\$ 196,085</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Donation- Kiwanis	Morgan County Foundation- Donation	Homeless- Donation	K 2009/2010 S-30 PASS	REMC Grant- Lilly Program	REMC Grant- EMS	Kendrick Grant	St. Francis- Donation	K 2010-11 S-19 PASS Program
Cash and investments - beginning	\$ -	\$ 17,716	\$ 169	\$ -	\$ -	\$ -	\$ -	\$ 600	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	600	-
Intermediate sources	-	-	-	22,400	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	22,400	-	-	-	600	-
Disbursements:									
Current:									
Instruction	-	-	152	17,597	-	-	-	-	-
Support services	-	-	-	4,803	-	-	-	306	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	152	22,400	-	-	-	306	-
Excess (deficiency) of receipts over disbursements	-	-	(152)	-	-	-	-	294	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(152)	-	-	-	-	294	-
Cash and investments - ending	\$ -	\$ 17,716	\$ 17	\$ -	\$ -	\$ -	\$ -	\$ 894	\$ -

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	REMC Grant- Safe Drug Free	Kendrick Grant K2008-2009 C2-09	Knights of Columbus PS	Project 03410-195-PN01 GT	Project 03411-195-PN01 GT	Gifted/ Talented	Non English Speaking Program	Technology Grants [IC 20-40-15]	Excess PTRC Distributions
Cash and investments - beginning	\$ -	\$ 276	\$ 342	\$ -	\$ -	\$ 2,554	\$ 3,550	\$ 69,756	\$ -
Receipts:									
Local sources	-	-	1,727	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	48,744	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	1,727	48,744	-	-	-	-	-
Disbursements:									
Current:									
Instruction	-	-	773	48,383	-	2,148	-	-	-
Support services	-	276	-	-	-	406	-	57,217	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	276	773	48,383	-	2,554	-	57,217	-
Excess (deficiency) of receipts over disbursements	-	(276)	954	361	-	(2,554)	-	(57,217)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	311,245
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	311,245
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(276)	954	361	-	(2,554)	-	(57,217)	311,245
Cash and investments - ending	\$ -	\$ -	\$ 1,296	\$ 361	\$ -	\$ -	\$ 3,550	\$ 12,539	\$ 311,245

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Project 4 R'S	Title I FY 2009	Title I FY 2011	Title I FY 2010	Project 07-5925	Project 08-5825 Title V	Stewart Homeless Assistance Act
Cash and investments - beginning	\$ 172	\$ 19,572	\$ -	\$ -	\$ 1,604	\$ 64,387	\$ 55,000
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	72,983	-	578,103	-	3,469	-
Other	-	-	-	-	-	-	-
Total receipts	-	72,983	-	578,103	-	3,469	-
Disbursements:							
Current:							
Instruction	172	61,877	-	497,099	-	-	-
Support services	-	7,219	-	65,552	1,604	67,856	53,978
Noninstructional services	-	2,523	-	31,732	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	172	71,619	-	594,383	1,604	67,856	53,978
Excess (deficiency) of receipts over disbursements	(172)	1,364	-	(16,280)	(1,604)	(64,387)	(53,978)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	20,936	-	-	-
Transfers out	-	(20,936)	-	-	-	-	-
Total other financing sources (uses)	-	(20,936)	-	20,936	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(172)	(19,572)	-	4,656	(1,604)	(64,387)	(53,978)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 4,656	\$ -	\$ -	\$ 1,022

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Homeless 2010/2011	Homeless 2007/2008	Homeless 2008/2009	Learn and Serve America 2009/2010	Learn and Serve America 2010/2011	Learn and Serve America 2009	Project 14210-039-PN01
Cash and investments - beginning	\$ -	\$ 2,944	\$ 9,229	\$ -	\$ 721	\$ 12,029	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	20,000	-	-	850,004
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	20,000	-	-	850,004
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	484,435
Support services	-	2,944	9,229	17,250	721	12,029	360,867
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	2,944	9,229	17,250	721	12,029	845,302
Excess (deficiency) of receipts over disbursements	-	(2,944)	(9,229)	2,750	(721)	(12,029)	4,702
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,944)	(9,229)	2,750	(721)	(12,029)	4,702
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 2,750	\$ -	\$ -	\$ 4,702

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Project 14209-039-PN01	Project 14209-039-PN01 C/O	Project 14211-039-PN01	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Federal Assistance Educational Preschool Handicapped	Project 45707-039-PN01 C/O PS	Project 45709-039-PN01 PS
Cash and investments - beginning	\$ 6,967	\$ -	\$ -	\$ 6,568	\$ -	\$ -	\$ 4,719
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	272,850	18,300	-	-	30,541	-	4,836
Other	-	-	-	-	-	-	-
Total receipts	<u>272,850</u>	<u>18,300</u>	<u>-</u>	<u>-</u>	<u>30,541</u>	<u>-</u>	<u>4,836</u>
Disbursements:							
Current:							
Instruction	147,016	2,655	-	471	30,128	800	8,081
Support services	127,347	15,573	-	6,038	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	5,454	-	-	-	-	-	636
Total disbursements	<u>279,817</u>	<u>18,228</u>	<u>-</u>	<u>6,509</u>	<u>30,128</u>	<u>800</u>	<u>8,717</u>
Excess (deficiency) of receipts over disbursements	<u>(6,967)</u>	<u>72</u>	<u>-</u>	<u>(6,509)</u>	<u>413</u>	<u>(800)</u>	<u>(3,881)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	838	-
Transfers out	-	-	-	(59)	-	-	(838)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(59)</u>	<u>-</u>	<u>838</u>	<u>(838)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,967)</u>	<u>72</u>	<u>-</u>	<u>(6,568)</u>	<u>413</u>	<u>38</u>	<u>(4,719)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 72</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 413</u>	<u>\$ 38</u>	<u>\$ -</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Project 457-039-PN01 PS	Drug Free 2008-5925	Drug Free 2009-5925	Teaching American History	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs
Cash and investments - beginning	\$ -	\$ 150	\$ -	\$ -	\$ 274	\$ 2,684,359	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	18,326	213,473	130,353	1,104,823	282,936
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>18,326</u>	<u>213,473</u>	<u>130,353</u>	<u>1,104,823</u>	<u>282,936</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	3,019,722	288,800
Support services	-	150	15,533	213,473	130,623	769,460	27,673
Noninstructional services	-	-	-	-	-	-	23,728
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>150</u>	<u>15,533</u>	<u>213,473</u>	<u>130,623</u>	<u>3,789,182</u>	<u>340,201</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(150)</u>	<u>2,793</u>	<u>-</u>	<u>(270)</u>	<u>(2,684,359)</u>	<u>(57,265)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(150)</u>	<u>2,793</u>	<u>-</u>	<u>(270)</u>	<u>(2,684,359)</u>	<u>(57,265)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,793</u>	<u>\$ -</u>	<u>\$ 4</u>	<u>\$ -</u>	<u>\$ (57,265)</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2010  
 (Continued)

	Special Education Part B	Special Education Part B Preschool	McKinney Vento Education for Homeless	School Lunch Equipment	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 785,820	\$ 24,328,220
Receipts:							
Local sources	-	-	-	-	-	-	13,520,519
Intermediate sources	-	-	-	-	-	-	22,489
State sources	-	-	-	-	-	-	31,089,764
Federal sources	666,400	24,427	55,000	18,000	-	-	5,477,360
Other	-	-	-	-	-	12,179,358	12,214,583
Total receipts	<u>666,400</u>	<u>24,427</u>	<u>55,000</u>	<u>18,000</u>	<u>-</u>	<u>12,179,358</u>	<u>62,324,715</u>
Disbursements:							
Current:							
Instruction	300,136	19,627	-	-	-	-	25,484,491
Support services	367,113	4,785	55,000	-	-	-	17,692,606
Noninstructional services	-	-	-	18,000	-	-	2,800,105
Facilities acquisition and construction	-	-	-	-	-	-	1,824,601
Debt services	-	-	-	-	-	-	2,634,561
Nonprogrammed charges	-	-	-	-	-	12,199,385	12,258,855
Total disbursements	<u>667,249</u>	<u>24,412</u>	<u>55,000</u>	<u>18,000</u>	<u>-</u>	<u>12,199,385</u>	<u>62,695,219</u>
Excess (deficiency) of receipts over disbursements	<u>(849)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,027)</u>	<u>(370,504)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	940
Transfers in	-	-	-	-	-	-	1,467,499
Transfers out	-	-	-	-	-	-	(1,467,499)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>940</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(849)</u>	<u>15</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(20,027)</u>	<u>(369,564)</u>
Cash and investments - ending	<u><u>\$ (849)</u></u>	<u><u>\$ 15</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 765,793</u></u>	<u><u>\$ 23,958,656</u></u>

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day
Cash and investments - beginning	\$ 11,842,049	\$ 762,470	\$ 557,902	\$ 4,304,888	\$ 1,821,018	\$ 1,508,571	\$ -	\$ 1,044,340
Receipts:								
Local sources	2,220,999	1,290,141	855,576	3,933,403	2,622,153	595,915	-	-
Intermediate sources	73	-	-	-	-	-	-	-
State sources	31,122,940	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	354	-	-	-	664	-	-	-
Total receipts	<u>33,344,366</u>	<u>1,290,141</u>	<u>855,576</u>	<u>3,933,403</u>	<u>2,622,817</u>	<u>595,915</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	22,822,082	-	-	-	-	-	-	-
Support services	11,232,482	-	-	1,978,351	2,404,141	-	-	-
Noninstructional services	383,218	-	-	-	-	-	-	-
Facilities acquisition and construction	31,630	-	-	1,715,950	-	-	-	-
Debt services	-	1,422,665	871,024	-	-	-	-	-
Nonprogrammed charges	17,034	-	-	-	-	-	-	-
Total disbursements	<u>34,486,446</u>	<u>1,422,665</u>	<u>871,024</u>	<u>3,694,301</u>	<u>2,404,141</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(1,142,080)</u>	<u>(132,524)</u>	<u>(15,448)</u>	<u>239,102</u>	<u>218,676</u>	<u>595,915</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	24,629	-	-	-	-	-	-
Sale of capital assets	3,523	-	-	-	-	-	-	-
Transfers in	-	88,329	-	162,783	162,509	27,151	-	-
Transfers out	-	(51,621)	-	-	-	-	-	-
Total other financing sources (uses)	<u>3,523</u>	<u>61,337</u>	<u>-</u>	<u>162,783</u>	<u>162,509</u>	<u>27,151</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,138,557)</u>	<u>(71,187)</u>	<u>(15,448)</u>	<u>401,885</u>	<u>381,185</u>	<u>623,066</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 10,703,492</u>	<u>\$ 691,283</u>	<u>\$ 542,454</u>	<u>\$ 4,706,773</u>	<u>\$ 2,202,203</u>	<u>\$ 2,131,637</u>	<u>\$ -</u>	<u>\$ 1,044,340</u>

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

	Construction	School Lunch	Textbook Rental	Levy Excess	South Central Indiana School Study	Alternative Education	Early Intervention Grant	Stanley Lacy Program
Cash and investments - beginning	\$ -	\$ 221,001	\$ 593,685	\$ -	\$ 26,405	\$ 8,349	\$ -	\$ 131
Receipts:								
Local sources	-	1,205,205	357,001	-	8,542	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	24,175	190,831	-	-	14,266	98,300	-
Federal sources	-	1,486,958	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,716,338</u>	<u>547,832</u>	<u>-</u>	<u>8,542</u>	<u>14,266</u>	<u>98,300</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	20,261	98,200	-
Support services	-	935	661,271	-	5,977	-	-	-
Noninstructional services	-	2,365,506	-	-	-	-	-	-
Facilities acquisition and construction	214,542	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>214,542</u>	<u>2,366,441</u>	<u>661,271</u>	<u>-</u>	<u>5,977</u>	<u>20,261</u>	<u>98,200</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(214,542)</u>	<u>349,897</u>	<u>(113,439)</u>	<u>-</u>	<u>2,565</u>	<u>(5,995)</u>	<u>100</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	1,975,371	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	51,621	56,118	-	-	-	-
Transfers out	(33,202)	-	-	(56,118)	-	-	-	-
Total other financing sources (uses)	<u>1,942,169</u>	<u>-</u>	<u>51,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,727,627</u>	<u>349,897</u>	<u>(61,818)</u>	<u>-</u>	<u>2,565</u>	<u>(5,995)</u>	<u>100</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,727,627</u>	<u>\$ 570,898</u>	<u>\$ 531,867</u>	<u>\$ -</u>	<u>\$ 28,970</u>	<u>\$ 2,354</u>	<u>\$ 100</u>	<u>\$ 131</u>

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

	NREA Mini Grants	Scholarships and Awards	Donation- Kiwanis	Morgan County Foundation- Donation	Homeless- Donation	K 2009/2010 S-30 PASS	REMC Grant- Lilly Program	REMC Grant- EMS
Cash and investments - beginning	\$ -	\$ 196,085	\$ -	\$ 17,716	\$ 17	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	26,503	300	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	2,070	5,000
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	26,503	300	-	-	-	2,070	5,000
Disbursements:								
Current:								
Instruction	-	-	-	-	17	-	-	-
Support services	-	-	-	-	-	-	33	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	20,527	-	-	-	-	-	-
Total disbursements	-	20,527	-	-	17	-	33	-
Excess (deficiency) of receipts over disbursements	-	5,976	300	-	(17)	-	2,037	5,000
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,976	300	-	(17)	-	2,037	5,000
Cash and investments - ending	\$ -	\$ 202,061	\$ 300	\$ 17,716	\$ -	\$ -	\$ 2,037	\$ 5,000

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

	Kendrick Grant	St. Francis- Donation	K 2010-11 S-19 PASS Program	REMC Grant- Safe Drug Free	Kendrick Grant K2008-2009 C2-09	Knights of Columbus PS	Project 03410-195-PN01 GT	Project 03411-195-PN01 GT
Cash and investments - beginning	\$ -	\$ 894	\$ -	\$ -	\$ -	\$ 1,296	\$ 361	\$ -
Receipts:								
Local sources	-	1,200	-	-	-	1,473	-	-
Intermediate sources	5,800	-	23,000	4,999	-	-	-	-
State sources	-	-	-	-	-	-	-	48,011
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>5,800</u>	<u>1,200</u>	<u>23,000</u>	<u>4,999</u>	<u>-</u>	<u>1,473</u>	<u>-</u>	<u>48,011</u>
Disbursements:								
Current:								
Instruction	-	-	23,000	-	-	590	6	45,732
Support services	5,800	1,111	-	4,954	-	-	355	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>5,800</u>	<u>1,111</u>	<u>23,000</u>	<u>4,954</u>	<u>-</u>	<u>590</u>	<u>361</u>	<u>45,732</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>89</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>883</u>	<u>(361)</u>	<u>2,279</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>89</u>	<u>-</u>	<u>45</u>	<u>-</u>	<u>883</u>	<u>(361)</u>	<u>2,279</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 983</u>	<u>\$ -</u>	<u>\$ 45</u>	<u>\$ -</u>	<u>\$ 2,179</u>	<u>\$ -</u>	<u>\$ 2,279</u>

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

	Gifted/ Talented	Non English Speaking Program	Technology Grants [IC 20-40-15]	Excess PTRC Distributions	Project 4 R'S	Title I FY 2009	Title I FY 2011	Title I FY 2010
Cash and investments - beginning	\$ -	\$ 3,550	\$ 12,539	\$ 311,245	\$ -	\$ -	\$ -	\$ 4,656
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	96,325	-	-	-	-
Federal sources	-	-	-	-	-	-	613,668	88,164
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	96,325	-	-	613,668	88,164
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	599,563	78,874
Support services	-	-	12,539	-	-	-	65,521	10,440
Noninstructional services	-	-	-	-	-	-	22,124	3,506
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	12,539	-	-	-	687,208	92,820
Excess (deficiency) of receipts over disbursements	-	-	(12,539)	96,325	-	-	(73,540)	(4,656)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	39,000	-
Transfers out	-	-	-	(407,570)	-	-	-	-
Total other financing sources (uses)	-	-	-	(407,570)	-	-	39,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(12,539)	(311,245)	-	-	(34,540)	(4,656)
Cash and investments - ending	\$ -	\$ 3,550	\$ -	\$ -	\$ -	\$ -	\$ (34,540)	\$ -

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

	Project 07-5925	Project 08-5825 Title V	Stewart Homeless Assistance Act	Homeless 2010/2011	Homeless 2007/2008	Homeless 2008/2009
Cash and investments - beginning	\$ -	\$ -	\$ 1,022	\$ -	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	5,815	48,884	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	5,815	48,884	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	6,837	48,884	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	6,837	48,884	-	-
Excess (deficiency) of receipts over disbursements	-	-	(1,022)	-	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,022)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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

	Learn and Serve America 2009/2010	Learn and Serve America 2010/2011	Learn and Serve America 2009	Project 14210-039-PN01	Project 14209-039-PN01	Project 14209-039-PN01 C/O
Cash and investments - beginning	\$ 2,750	\$ -	\$ -	\$ 4,702	\$ -	\$ 72
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	13,419	-	327,370	-	1,463
Other	-	-	-	-	-	-
Total receipts	-	13,419	-	327,370	-	1,463
Disbursements:						
Current:						
Instruction	-	-	-	195,926	-	1,384
Support services	2,750	13,419	-	134,360	-	86
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	65
Total disbursements	2,750	13,419	-	330,286	-	1,535
Excess (deficiency) of receipts over disbursements	(2,750)	-	-	(2,916)	-	(72)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,750)	-	-	(2,916)	-	(72)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,786	\$ -	\$ -

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

	Project 14211-039-PN01	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Federal Assistance Educational Preschool Handicapped	Project 45707-039-PN01 C/O PS	Project 45709-039-PN01 PS	Drug Free 2008-5925
Cash and investments - beginning	\$ -	\$ -	\$ 413	\$ 38	\$ -	\$ -
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	799,515	-	11,386	-	30,951	-
Other	-	-	-	-	-	-
Total receipts	<u>799,515</u>	<u>-</u>	<u>11,386</u>	<u>-</u>	<u>30,951</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	473,370	-	11,288	1	30,951	-
Support services	325,906	-	-	24	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	511	13	-	-
Total disbursements	<u>799,276</u>	<u>-</u>	<u>11,799</u>	<u>38</u>	<u>30,951</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>239</u>	<u>-</u>	<u>(413)</u>	<u>(38)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>239</u>	<u>-</u>	<u>(413)</u>	<u>(38)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 239</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Drug Free 2009-5925	Teaching American History	Improving Teaching Quality No Child Left Title II, Part A	Fiscal Stabilization Education	Title I Grants to LEAs	Special Education Part B
Cash and investments - beginning	\$ 2,793	\$ -	\$ 4	\$ -	\$ (57,265)	\$ (849)
Receipts:						
Local sources	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	28,120	217,822	-	168,908	435,999
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>28,120</u>	<u>217,822</u>	<u>-</u>	<u>168,908</u>	<u>435,999</u>
Disbursements:						
Current:						
Instruction	-	-	-	-	107,603	340,546
Support services	2,793	28,120	141,826	-	4,007	183,670
Noninstructional services	-	-	-	-	33	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>2,793</u>	<u>28,120</u>	<u>141,826</u>	<u>-</u>	<u>111,643</u>	<u>524,216</u>
Excess (deficiency) of receipts over disbursements	<u>(2,793)</u>	<u>-</u>	<u>75,996</u>	<u>-</u>	<u>57,265</u>	<u>(88,217)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(39,000)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(39,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,793)</u>	<u>-</u>	<u>36,996</u>	<u>-</u>	<u>57,265</u>	<u>(88,217)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 37,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (89,066)</u>

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

	Special Education Part B Preschool	McKinney Vento Education for Homeless	School Lunch Equipment	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ 15	\$ -	\$ -	\$ -	\$ 765,793	\$ 23,958,656
Receipts:						
Local sources	-	-	-	-	-	13,118,411
Intermediate sources	-	-	-	-	-	40,942
State sources	-	-	-	-	-	31,594,848
Federal sources	16,705	-	-	472,929	-	4,768,076
Other	-	-	-	-	12,229,680	12,230,698
	<u>16,705</u>	<u>-</u>	<u>-</u>	<u>472,929</u>	<u>12,229,680</u>	<u>61,752,975</u>
Total receipts	16,705	-	-	472,929	12,229,680	61,752,975
Disbursements:						
Current:						
Instruction	5,242	-	-	414,611	-	25,269,247
Support services	11,085	-	-	58,312	-	17,345,989
Noninstructional services	-	-	-	-	-	2,774,387
Facilities acquisition and construction	-	-	-	-	-	1,962,122
Debt services	-	-	-	-	-	2,293,689
Nonprogrammed charges	393	-	-	-	12,176,120	12,214,663
	<u>16,720</u>	<u>-</u>	<u>-</u>	<u>472,923</u>	<u>12,176,120</u>	<u>61,860,097</u>
Total disbursements	16,720	-	-	472,923	12,176,120	61,860,097
Excess (deficiency) of receipts over disbursements	(15)	-	-	6	53,560	(107,122)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	3,523
Transfers in	-	-	-	-	-	587,511
Transfers out	-	-	-	-	-	(587,511)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,003,523</u>
Total other financing sources (uses)	-	-	-	-	-	2,003,523
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15)	-	-	6	53,560	1,896,401
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6</u>	<u>\$ 819,353</u>	<u>\$ 25,855,057</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2011

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Capital leases:		
High School and South Elementary School	\$ 310,000	\$ 313,000
High School	3,805,000	775,405
Bonds payable:		
General obligation bonds:		
Finance retirement/severance liabilities	4,460,000	872,411
Construction	<u>1,990,000</u>	<u>33,202</u>
Total debt	<u>\$ 10,565,000</u>	<u>\$ 1,994,018</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
AUDIT RESULT AND COMMENT

***CAPITAL ASSET RECORDS***

Information presented for audit did not indicate an inventory or record of capital assets using General Form 369, Capital Assets Ledger.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Assets Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE METROPOLITAN SCHOOL DISTRICT  
OF MARTINSVILLE, MORGAN COUNTY, INDIANA

Compliance

We have audited the compliance of the Metropolitan School District of Martinsville (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1.

Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

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 significant deficiencies or material weaknesses and therefore, there is no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1 to be material weaknesses.

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

This report is intended solely for the information and use of the School Corporation's management, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 6, 2012

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	None	\$ 233,729	\$ 338,860
National School Lunch Program	10.555	None	1,040,100	1,289,018
Summer Food Service Program for Children	10.559	None	-	42,337
Total for cluster			<u>1,273,829</u>	<u>1,670,215</u>
Child and Adult Care Food Program	10.558	None	-	1,357
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	None	18,000	-
Fresh Fruit and Vegetable Program	10.582	None	<u>19,837</u>	<u>3,240</u>
Total for federal grantor agency			<u>1,311,666</u>	<u>1,674,812</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 08-09-5925		None	71,617	-
FY 09-10-5925		None	594,382	92,819
FY 10-11-5925		None	-	687,207
Total for program			<u>665,999</u>	<u>780,026</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	None	<u>340,200</u>	<u>110,846</u>
Total for cluster			<u>1,006,199</u>	<u>890,872</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States	84.027			
14209-039-PN01		None	18,228	1,535
14210-039-PN01		None	845,298	330,287
14211-039-PN01		None	-	799,276
PL 101-476 IDEA		None	279,814	-
LEA Capacity Building (Silver) Grants		None	<u>4,808</u>	<u>-</u>
Total for program			<u>1,148,148</u>	<u>1,131,098</u>

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
Special Education - Preschool Grants	84.173			
Federal Assistance Educational Preschool Handicapped		None	30,127	11,799
45709-039-PY02		None	800	38
45709-039-PY01		None	8,717	-
45711-039-PN01 PS		None	-	30,951
Total for program			<u>39,644</u>	<u>42,788</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	None	667,250	524,217
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	None	<u>24,410</u>	<u>16,722</u>
Total for cluster			<u>1,879,452</u>	<u>1,714,825</u>
Education of Homeless Children and Youth Cluster				
Education for Homeless Children and Youth	84.196	None	<u>60,336</u>	<u>55,722</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	84.394	None	<u>3,789,176</u>	-
Safe and Drug-Free School and Communities - State Grants	84.186	None	<u>15,683</u>	<u>2,793</u>
Fund for the Improvement of Education	84.215	None	<u>213,474</u>	<u>28,120</u>
State Grants for Innovative Programs	84.298	None	<u>68,226</u>	-
Improving Teacher Quality State Grants	84.367	None	<u>129,868</u>	<u>141,826</u>
Education Jobs Fund	84.410	None	-	<u>472,924</u>
Total for federal grantor agency			<u>7,162,414</u>	<u>3,307,082</u>
<u>CORPORATION FOR NATIONAL AND COMMUNITY SERVICE</u>				
Pass-Through Indiana Department of Education				
Learn and Serve America-School and Community Based Program	94.004	None	<u>30,000</u>	<u>16,168</u>
Total federal awards expended			<u>\$ 8,504,080</u>	<u>\$ 4,998,062</u>

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

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1 et seq.), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

**Note 2. Subrecipients**

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ending June 30, 2010 and 2011:

Program Title	Federal CFDA Number	2010	2011
Fund for the Improvement of Education	84.215	\$ 137,226	\$ 28,120

**Note 3. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010	2011
National School Lunch Program	10.555	\$ 164,816	\$ 185,056

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	no
Type of auditor's report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Title I, Part A Cluster Special Education Cluster (IDEA) State Fiscal Stabilization Fund Cluster Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$405,064

Auditee qualified as low-risk auditee?	no
--	----

**Section II – Financial Statement Findings**

No matters are reportable.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2011-1 - INTERNAL CONTROL/EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agency: U.S. Department of Education  
Federal Program: Special Education - Grants to States, Recovery Act  
CFDA Number: 84.391  
Pass-Through Entity: Indiana Department of Education

The School Corporation does not maintain records that identify equipment and other property acquired with federal monies. No system exists to provide separate identification for items acquired with federal and nonfederal funds. No physical annual inventory of federally purchased equipment was presented for audit. The School Corporation used their ARRA - Special Education - Grants to States, Recovery Act to purchase equipment to be used for their Special Education programs. Equipment purchases during the audit period from the ARRA funds represent 39.3 percent of grant expenditures.

34 CFR 80.32(d) states:

"Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property.
- (2) A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- (3) A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft shall be investigated.
- (4) Adequate maintenance procedures must be developed to keep the property in good condition.
- (5) If the grantee or subgrantee is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return."

Failure to maintain detailed and accurate equipment and property records and to reconcile physical inventory could result in assets being lost, stolen, misappropriated, or disposed of improperly and not detected within a reasonable time.

We recommended that the School Corporation design and properly monitor procedures that would ensure accurate detailed capital asset records are maintained and that inventories of property and equipment are conducted at least once every two years and reconciled to the detailed capital assets ledger. Any significant differences should be investigated and the appropriate adjustments made to the records. Also, any assets acquired with federal funds must be designated as such so that they are not disposed of improperly.

# Metropolitan School District of Martinsville

P.O. Box 1416  
460 South Main Street  
Martinsville, Indiana 46151  
Telephone 765-342-6641  
FAX 765-342-6877

## Board of Education

Chuck Smith, President  
Kenny Costin, Vice President  
Stephen Hardin, Secretary  
Tammy Hamilton, Member  
Charles Sampson, Member

## Superintendent

Ron Furniss  
Assistant Superintendent, Business  
Randy Taylor  
Assistant Superintendent, Instruction  
Jerry Sanders  
Treasurer  
Sandra Hart

## **FINDING 2009-1, CASH MANAGEMENT**

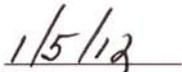
Original SBA Audit Report Number	B35901
Fiscal Year	2007-2009
Auditee Contact Person	Sandra Hart
Title of Contact Person	Treasurer

Federal Agency: U.S. Department of Education  
Federal Program: Title I Grants to Local Educational Agencies, Special Education Cluster and Improving Teacher Quality State Grants  
CFDA Numbers: 84.010, 84.027 and 84.367  
Pass-Through Entity: Indiana Department of Education

Cash requests are submitted based on anticipated expenditures. These expenditures were estimated as accurately as possible based on payroll history and actual expenditures for payment of vouchers. On occasion, the State does not process requests submitted, resulting in a deficit.



Sandra Hart, Treasurer



Date

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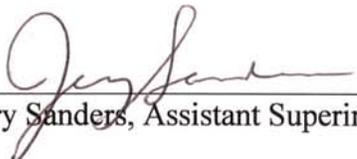
Ron Furniss  
Assistant Superintendent, Business  
Randy Taylor  
Assistant Superintendent, Instruction  
Jerry Sanders  
Treasurer  
Sandra Hart

### **FINDING 2009-2, SUBRECIPIENT MONITORING**

Original SBA Audit Report Number	B35901
Fiscal Year	2007-2009
Auditee Contact Person	Sandra Hart
Title of Contact Person	Treasurer

Federal Agency:	U.S. Department of Education
Federal Program:	Fund for the Improvement of Education
CFDA Numbers:	84.215
Award:	U215X060296

I held a discussion with my secretary that it was my responsibility to monitor grant funds and expenditures. I explained that we were required to request expenditure reports.

  
\_\_\_\_\_  
Jerry Sanders, Assistant Superintendent

1-5-12  
Date

**Good Schools Becoming  
Better**

# Metropolitan School District of Martinsville

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Treasurer  
Sandra Hart

### FINDING 2009-3, ALLOWABLE COSTS/COST PRINCIPLES

Original SBA Audit Report Number	B35901
Fiscal Year	2007-2009
Auditee Contact Person	Sandra Hart
Title of Contact Person	Treasurer

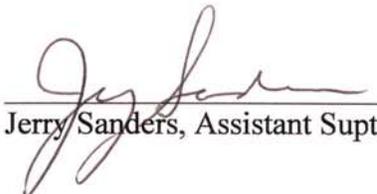
Federal Agency:	U.S. Department of Education
Federal Program:	Fund for the Improvement of Education
CFDA Numbers:	84.215
Award:	U215X060296

The M.S.D. of Martinsville requests approval of the Board of School Trustees before entering into a contract with any outside agency or independent contractor.

A contract was obtained from the Indiana Historical Society and approved by the Board of School Trustees.

  
Sandra Hart, Treasurer

1/5/12  
Date

  
Jerry Sanders, Assistant Supt.

1-5-12  
Date

**Good Schools Becoming  
Better**

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Treasurer  
Sandra Hart

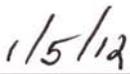
### **FINDING 2009-4, ALLOWABLE COSTS/COST PRINCIPLES**

Original SBA Audit Report Number	B35901
Fiscal Year	2007-2009
Auditee Contact Person	Sandra Hart
Title of Contact Person	Treasurer

Federal Agency:	U.S. Department of Education
Federal Program:	Fund for the Improvement of Education
CFDA Number:	84.215
Award:	U215X060296

No reimbursement is made without proper documentation as outlined in SBOA guidelines.

  
Sandra Hart, Treasurer

  
Date

**Good Schools Becoming  
Better**

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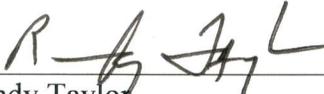
## CORRECTIVE ACTION PLAN

### Finding 2011-1 INTERNAL CONTROL/EQUIPMENT AND REAL PROPERTY MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program (CFDA Title): Special Education Cluster  
CFDA Number: 84.391  
Pass-Through Entity: Indiana Department of Education  
Award Number and Year: ARRA – Special Education – Grants to States, Recovery Act

The M.S.D. of Martinsville will contract with a professional company to review, correct and update the asset inventory manual.

  
\_\_\_\_\_  
Sandra K. Hart  
Treasurer

  
\_\_\_\_\_  
Randy Taylor  
Asst. Superintendent

2-6-12  
\_\_\_\_\_  
Date

**Good Schools Becoming  
Better**

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2012, with Sandra K. Hart, Treasurer; Ronald Furniss, Superintendent of Schools; Randy L. Taylor, Assistant Superintendent of Business; Lorna Medley, Business Secretary; Kimberly J. LaRue, ECA Treasurer; and Chuck Smith, School Board member. The officials concurred with our audit finding.