

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, 2013 to June 30, 2015



FILED
11/09/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly LaRue	07-01-13 to 06-30-18
Superintendent of Schools	Ronald Furniss	07-01-13 to 12-31-14
	Dr. Jerry Sanders (interim)	01-01-15 to 06-30-15
	Michele Moore	07-01-15 to 12-31-17
President of the School Board	Steve Brock	01-01-13 to 12-31-13
	Rebecca J. Weddle	01-01-14 to 12-31-15
	Tana Lobb	01-01-16 to 12-31-17



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Metropolitan School District of Martinsville (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, 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, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of 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 September 28, 2017, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

September 28, 2017



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302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
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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 METROPOLITAN SCHOOL DISTRICT
OF MARTINSVILLE, 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 Metropolitan School District of Martinsville (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated September 28, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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

Compliance and Other Matters


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001.

Metropolitan School District of Martinsville'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

September 28, 2017

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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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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, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 7,936,257	\$ 32,824,769	\$ 34,041,757	\$ 7,114	\$ 6,726,383	\$ 31,766,498	\$ 31,179,195	\$ 25,952	\$ 7,339,638
Debt Service	831,631	1,492,541	1,403,925	(76,725)	843,522	1,652,092	1,403,975	(85,734)	1,005,905
Retirement/Severance Bond Debt Service	491,857	878,640	872,608	-	497,889	882,019	876,030	-	503,878
Capital Projects	2,746,412	4,323,068	4,612,893	-	2,456,587	4,151,668	3,641,430	-	2,966,825
School Transportation	2,665,565	2,870,915	2,510,833	-	3,025,647	2,802,777	2,715,813	49,613	3,162,224
School Bus Replacement	2,680,800	76,073	654,845	-	2,102,028	-	484,613	-	1,617,415
Rainy Day	1,044,340	-	-	-	1,044,340	-	-	-	1,044,340
Construction	-	-	-	1,000,000	1,000,000	-	99,449	-	900,551
School Lunch	838,713	2,700,679	2,630,526	-	908,866	2,705,696	2,678,047	-	936,515
Textbook Rental	995,644	519,721	488,235	76,725	1,103,855	506,806	530,800	85,734	1,165,595
Levy Excess	9	-	-	-	9	-	-	-	9
South Central Indiana School Study	26,356	2,100	28,456	-	-	-	-	-	-
Alternative Education	23	12,420	12,443	-	-	22,559	22,559	-	-
Early Intervention Grant	100	-	-	(100)	-	-	-	-	-
Scholarships and Awards	189,793	24,487	11,497	-	202,783	32,311	37,454	-	197,640
Donation - Kiwanis	300	-	300	-	-	-	-	-	-
Construction, Remodeling, and Equipping Buildings	700	-	-	-	700	-	-	-	700
Miscellaneous Programs	271	-	271	-	-	-	-	-	-
Duke Energy Summer Grant	-	-	-	-	-	22,638	11,476	-	11,162
REMC Grant - Lilly Program	13	-	13	-	-	-	-	-	-
REMC Grant - EMS	550	-	550	-	-	-	-	-	-
St. Francis - Donation	810	-	-	-	810	-	-	-	810
K 2010-11 S-19 PASS Program	3	-	3	-	-	-	-	-	-
REMC Grant - Safe Drug Free	3,733	-	3,733	-	-	-	-	-	-
PASS Grant K2013-14-S-28	-	22,400	18,560	-	3,840	-	3,840	-	-
PASS Grant K2014-15-S-19	-	-	-	-	-	22,400	18,935	-	3,465
Kendrick Grant K2013-14-S-30	-	9,463	9,463	-	-	-	-	-	-
Knights of Columbus - PS	1,242	-	513	-	729	-	-	-	729
Project 03415-193-PN01 GT	-	-	-	-	-	48,474	46,427	-	2,047
Project 03413-195-PN01 GT	4,409	-	4,409	-	-	-	-	-	-
Project 03414-193-PN01 GT	-	51,006	42,031	-	8,975	-	8,975	-	-
Secured Schools Safety Grant	-	-	-	-	-	49,613	-	(49,613)	-
Technology Plan Buddy	3,860	-	-	-	3,860	-	-	-	3,860
Title I FY 2013	(41,985)	159,064	117,079	-	-	-	-	-	-
Title I FY 2014	-	648,529	684,247	-	(35,718)	137,959	102,241	-	-
Title I FY 14/15	-	-	-	-	-	846,027	893,441	-	(47,414)
Stewart Homeless Assistance Act	(1,831)	34,970	33,139	-	-	-	-	-	-
Homeless 2013/14	-	21,291	23,522	-	(2,231)	22,187	19,956	-	-
Homeless 2013/16	-	-	-	-	-	26,936	29,191	-	(2,255)
Project 14209-039-PN01	(52,427)	541,406	488,979	-	-	236	236	-	-
Project 14215-039-PN01	-	-	-	-	-	546,187	577,338	-	(31,151)
Project 14214-039-PN01	-	588,332	628,388	-	(40,056)	537,323	497,267	-	-
Part B Tech Assist FY 14	-	15,085	15,430	-	(345)	7,134	6,789	-	-
Project 45707-039-PN01 C/O PS	(1,526)	5,330	3,804	-	-	-	-	-	-
Project 45714-039-PN01	-	39,391	40,939	-	(1,548)	3,094	1,546	-	-
Project 45715-03-PN01	-	-	-	-	-	37,289	37,289	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	(6,118)	253,210	253,814	-	(6,722)	201,219	206,554	-	(12,057)
Payroll Withholdings	129,565	16,607,781	16,578,940	-	158,406	15,618,685	15,767,389	-	9,702
Totals	\$ 20,489,069	\$ 64,722,671	\$ 66,216,145	\$ 1,007,014	\$ 20,002,609	\$ 62,649,827	\$ 61,898,255	\$ 25,952	\$ 20,780,133

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, 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.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
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.

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.

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. 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.

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
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.

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of funds being set up for reimbursable grants.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the GREATER MARTINSVILLE SCHOOL BUILDING CORPORATION (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$783,000 and \$786,000, respectively.

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 Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the 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.

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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 7,936,257	\$ 831,631	\$ 491,857	\$ 2,746,412	\$ 2,665,565	\$ 2,680,800	\$ 1,044,340	\$ -	\$ 838,713	\$ 995,644
Receipts:										
Local sources	864,220	1,492,541	878,640	4,323,068	2,846,332	76,073	-	-	1,055,247	328,287
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	31,960,549	-	-	-	-	-	-	-	23,788	191,434
Federal sources	-	-	-	-	-	-	-	-	1,621,644	-
Other receipts	-	-	-	-	24,583	-	-	-	-	-
Total receipts	32,824,769	1,492,541	878,640	4,323,068	2,870,915	76,073	-	-	2,700,679	519,721
Disbursements:										
Instruction	23,599,458	-	-	-	-	-	-	-	-	-
Support services	10,059,566	-	-	2,753,500	2,510,833	654,845	-	-	945	488,235
Noninstructional services	369,578	-	-	-	-	-	-	-	2,629,581	-
Facilities acquisition and construction	13,155	-	-	1,859,393	-	-	-	-	-	-
Debt service	-	1,403,925	872,608	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	34,041,757	1,403,925	872,608	4,612,893	2,510,833	654,845	-	-	2,630,526	488,235
Excess (deficiency) of receipts over disbursements	(1,216,988)	88,616	6,032	(289,825)	360,082	(578,772)	-	-	70,153	31,486
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	1,000,000	-	-
Sale of capital assets	7,014	-	-	-	-	-	-	-	-	-
Transfers in	100	-	-	-	-	-	-	-	-	76,725
Transfers out	-	(76,725)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	7,114	(76,725)	-	-	-	-	-	1,000,000	-	76,725
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,209,874)	11,891	6,032	(289,825)	360,082	(578,772)	-	1,000,000	70,153	108,211
Cash and investments - ending	\$ 6,726,383	\$ 843,522	\$ 497,889	\$ 2,456,587	\$ 3,025,647	\$ 2,102,028	\$ 1,044,340	\$ 1,000,000	\$ 908,866	\$ 1,103,855

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, 2014
 (Continued)

	Levy Excess	South Central Indiana School Study	Alternative Education	Early Intervention Grant	Scholarships and Awards	Donation - Kiwanis	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Duke Energy Summer Grant	REMC Grant - Lilly Program
Cash and investments - beginning	\$ 9	\$ 26,356	\$ 23	\$ 100	\$ 189,793	\$ 300	\$ 700	\$ 271	\$ -	\$ 13
Receipts:										
Local sources	-	2,100	-	-	24,487	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	12,420	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	2,100	12,420	-	24,487	-	-	-	-	-
Disbursements:										
Instruction	-	-	12,443	-	-	-	-	271	-	13
Support services	-	28,456	-	-	-	300	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	11,497	-	-	-	-	-
Total disbursements	-	28,456	12,443	-	11,497	300	-	271	-	13
Excess (deficiency) of receipts over disbursements	-	(26,356)	(23)	-	12,990	(300)	-	(271)	-	(13)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	(100)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(100)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(26,356)	(23)	(100)	12,990	(300)	-	(271)	-	(13)
Cash and investments - ending	\$ 9	\$ -	\$ -	\$ -	\$ 202,783	\$ -	\$ 700	\$ -	\$ -	\$ -

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, 2014
 (Continued)

	REMC Grant - EMS	St. Francis - Donation	K 2010-11 S-19 PASS Program	REMC Grant - Safe Drug Free	PASS Grant K2013-14-S-28	PASS Grant K2014-15-S-19	Kendrick Grant K2013-14-S-30	Knights of Columbus - PS	Project 03415-193-PN01 GT	Project 03413-195-PN01 GT
Cash and investments - beginning	\$ 550	\$ 810	\$ 3	\$ 3,733	\$ -	\$ -	\$ -	\$ 1,242	\$ -	\$ 4,409
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	22,400	-	9,463	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	22,400	-	9,463	-	-	-
Disbursements:										
Instruction	550	-	-	3,733	18,560	-	-	513	-	4,409
Support services	-	-	3	-	-	-	9,463	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	550	-	3	3,733	18,560	-	9,463	513	-	4,409
Excess (deficiency) of receipts over disbursements	(550)	-	(3)	(3,733)	3,840	-	-	(513)	-	(4,409)
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	(550)	-	(3)	(3,733)	3,840	-	-	(513)	-	(4,409)
Cash and investments - ending	\$ -	\$ 810	\$ -	\$ -	\$ 3,840	\$ -	\$ -	\$ 729	\$ -	\$ -

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, 2014
 (Continued)

	Project 03414-193-PN01 GT	Secured Schools Safety Grant	Technology Plan Buddy	Title I FY 2013	Title I FY 2014	Title I FY 14/15	Stewart Homeless Assistance Act	Homeless 2013/14	Homeless 2013/16	Project 14209-039-PN01
Cash and investments - beginning	\$ -	\$ -	\$ 3,860	\$ (41,985)	\$ -	\$ -	\$ (1,831)	\$ -	\$ -	\$ (52,427)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	51,006	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	159,064	648,529	-	34,970	21,291	-	541,406
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	51,006	-	-	159,064	648,529	-	34,970	21,291	-	541,406
Disbursements:										
Instruction	42,031	-	-	102,040	596,610	-	-	-	-	359,145
Support services	-	-	-	11,238	66,237	-	33,139	23,522	-	129,834
Noninstructional services	-	-	-	3,801	21,400	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	42,031	-	-	117,079	684,247	-	33,139	23,522	-	488,979
Excess (deficiency) of receipts over disbursements	8,975	-	-	41,985	(35,718)	-	1,831	(2,231)	-	52,427
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	8,975	-	-	41,985	(35,718)	-	1,831	(2,231)	-	52,427
Cash and investments - ending	\$ 8,975	\$ -	\$ 3,860	\$ -	\$ (35,718)	\$ -	\$ -	\$ (2,231)	\$ -	\$ -

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, 2014
 (Continued)

	Project 14215-039-PN01	Project 14214-039-PN01	Part B Tech Assist FY 14	Project 45707-039-PN01 C/O PS	Project 45714-039-PN01	Project 45715-03-PN01	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,526)	\$ -	\$ -	\$ (6,118)	\$ 129,565	\$ 20,489,069
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,890,995
Intermediate sources	-	-	-	-	-	-	-	-	31,863
State sources	-	-	-	-	-	-	-	-	32,239,197
Federal sources	-	588,332	15,085	5,330	39,391	-	253,210	-	3,928,252
Other receipts	-	-	-	-	-	-	-	16,607,781	16,632,364
Total receipts	-	588,332	15,085	5,330	39,391	-	253,210	16,607,781	64,722,671
Disbursements:									
Instruction	-	382,305	-	3,804	40,939	-	-	-	25,166,824
Support services	-	246,083	15,430	-	-	-	253,814	-	17,285,443
Noninstructional services	-	-	-	-	-	-	-	-	3,024,360
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,872,548
Debt service	-	-	-	-	-	-	-	-	2,276,533
Nonprogrammed charges	-	-	-	-	-	-	-	16,578,940	16,590,437
Total disbursements	-	628,388	15,430	3,804	40,939	-	253,814	16,578,940	66,216,145
Excess (deficiency) of receipts over disbursements	-	(40,056)	(345)	1,526	(1,548)	-	(604)	28,841	(1,493,474)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	1,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	7,014
Transfers in	-	-	-	-	-	-	-	-	76,825
Transfers out	-	-	-	-	-	-	-	-	(76,825)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	1,007,014
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(40,056)	(345)	1,526	(1,548)	-	(604)	28,841	(486,460)
Cash and investments - ending	\$ -	\$ (40,056)	\$ (345)	\$ -	\$ (1,548)	\$ -	\$ (6,722)	\$ 158,406	\$ 20,002,609

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 6,726,383	\$ 843,522	\$ 497,889	\$ 2,456,587	\$ 3,025,647	\$ 2,102,028	\$ 1,044,340	\$ 1,000,000	\$ 908,866	\$ 1,103,855
Receipts:										
Local sources	201,630	1,652,092	882,019	4,151,668	2,796,794	-	-	-	1,074,743	314,520
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	31,564,868	-	-	-	-	-	-	-	23,435	192,286
Federal sources	-	-	-	-	-	-	-	-	1,607,518	-
Other receipts	-	-	-	-	5,983	-	-	-	-	-
Total receipts	<u>31,766,498</u>	<u>1,652,092</u>	<u>882,019</u>	<u>4,151,668</u>	<u>2,802,777</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>2,705,696</u>	<u>506,806</u>
Disbursements:										
Instruction	21,570,797	-	-	-	-	-	-	-	-	-
Support services	9,218,265	-	-	2,179,683	2,715,813	484,613	-	-	855	530,800
Noninstructional services	371,049	-	-	-	-	-	-	-	2,677,192	-
Facilities acquisition and construction	19,084	-	-	1,461,747	-	-	-	99,449	-	-
Debt service	-	1,403,975	876,030	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>31,179,195</u>	<u>1,403,975</u>	<u>876,030</u>	<u>3,641,430</u>	<u>2,715,813</u>	<u>484,613</u>	<u>-</u>	<u>99,449</u>	<u>2,678,047</u>	<u>530,800</u>
Excess (deficiency) of receipts over disbursements	<u>587,303</u>	<u>248,117</u>	<u>5,989</u>	<u>510,238</u>	<u>86,964</u>	<u>(484,613)</u>	<u>-</u>	<u>(99,449)</u>	<u>27,649</u>	<u>(23,994)</u>
Other financing sources (uses):										
Sale of capital assets	25,952	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	49,613	-	-	-	-	85,734
Transfers out	-	(85,734)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>25,952</u>	<u>(85,734)</u>	<u>-</u>	<u>-</u>	<u>49,613</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>85,734</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>613,255</u>	<u>162,383</u>	<u>5,989</u>	<u>510,238</u>	<u>136,577</u>	<u>(484,613)</u>	<u>-</u>	<u>(99,449)</u>	<u>27,649</u>	<u>61,740</u>
Cash and investments - ending	<u>\$ 7,339,638</u>	<u>\$ 1,005,905</u>	<u>\$ 503,878</u>	<u>\$ 2,966,825</u>	<u>\$ 3,162,224</u>	<u>\$ 1,617,415</u>	<u>\$ 1,044,340</u>	<u>\$ 900,551</u>	<u>\$ 936,515</u>	<u>\$ 1,165,595</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, 2015
 (Continued)

	Levy Excess	South Central Indiana School Study	Alternative Education	Early Intervention Grant	Scholarships and Awards	Donation - Kiwanis	Construction, Remodeling, and Equipping Buildings	Miscellaneous Programs	Duke Energy Summer Grant	REMC Grant - Lilly Program
Cash and investments - beginning	\$ 9	\$ -	\$ -	\$ -	\$ 202,783	\$ -	\$ 700	\$ -	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	32,311	-	-	-	22,638	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	22,559	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	22,559	-	32,311	-	-	-	22,638	-
Disbursements:										
Instruction	-	-	22,559	-	-	-	-	-	11,476	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	37,454	-	-	-	-	-
Total disbursements	-	-	22,559	-	37,454	-	-	-	11,476	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(5,143)	-	-	-	11,162	-
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	-	-	-	-	(5,143)	-	-	-	11,162	-
Cash and investments - ending	\$ 9	\$ -	\$ -	\$ -	\$ 197,640	\$ -	\$ 700	\$ -	\$ 11,162	\$ -

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, 2015
 (Continued)

	REMC Grant - EMS	St. Francis - Donation	K 2010-11 S-19 PASS Program	REMC Grant - Safe Drug Free	PASS Grant K2013-14-S-28	PASS Grant K2014-15-S-19	Kendrick Grant K2013-14-S-30	Knights of Columbus - PS	Project 03415-193-PN01 GT	Project 03413-195-PN01 GT
Cash and investments - beginning	\$ -	\$ 810	\$ -	\$ -	\$ 3,840	\$ -	\$ -	\$ 729	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	22,400	-	-	-	-
State sources	-	-	-	-	-	-	-	-	48,474	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	22,400	-	-	48,474	-
Disbursements:										
Instruction	-	-	-	-	3,840	18,935	-	-	46,427	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	3,840	18,935	-	-	46,427	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(3,840)	3,465	-	-	2,047	-
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	-	-	-	-	(3,840)	3,465	-	-	2,047	-
Cash and investments - ending	\$ -	\$ 810	\$ -	\$ -	\$ -	\$ 3,465	\$ -	\$ 729	\$ 2,047	\$ -

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, 2015
 (Continued)

	Project 03414-193-PN01 GT	Secured Schools Safety Grant	Technology Plan Buddy	Title I FY 2013	Title I FY 2014	Title I FY 14/15	Stewart Homeless Assistance Act	Homeless 2013/14	Homeless 2013/16	Project 14209-039-PN01
Cash and investments - beginning	\$ 8,975	\$ -	\$ 3,860	\$ -	\$ (35,718)	\$ -	\$ -	\$ (2,231)	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	49,613	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	137,959	846,027	-	22,187	26,936	236
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	49,613	-	-	137,959	846,027	-	22,187	26,936	236
Disbursements:										
Instruction	8,975	-	-	-	87,551	786,128	-	-	-	-
Support services	-	-	-	-	11,479	83,116	-	19,956	29,191	236
Noninstructional services	-	-	-	-	3,211	24,197	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	8,975	-	-	-	102,241	893,441	-	19,956	29,191	236
Excess (deficiency) of receipts over disbursements	(8,975)	49,613	-	-	35,718	(47,414)	-	2,231	(2,255)	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	(49,613)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(49,613)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,975)	-	-	-	35,718	(47,414)	-	2,231	(2,255)	-
Cash and investments - ending	\$ -	\$ -	\$ 3,860	\$ -	\$ -	\$ (47,414)	\$ -	\$ -	\$ (2,255)	\$ -

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, 2015
 (Continued)

	Project 14215-039-PN01	Project 14214-039-PN01	Part B Tech Assist FY 14	Project 45707-039-PN01 C/O PS	Project 45714-039-PN01	Project 45715-03-PN01	Improving Teaching Quality, No Child Left, Title II, Part A	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (40,056)	\$ (345)	\$ -	\$ (1,548)	\$ -	\$ (6,722)	\$ 158,406	\$ 20,002,609
Receipts:									
Local sources	-	-	-	-	-	-	-	-	11,128,415
Intermediate sources	-	-	-	-	-	-	-	-	22,400
State sources	-	-	-	-	-	-	-	-	31,901,235
Federal sources	546,187	537,323	7,134	-	3,094	37,289	201,219	-	3,973,109
Other receipts	-	-	-	-	-	-	-	15,618,685	15,624,668
Total receipts	546,187	537,323	7,134	-	3,094	37,289	201,219	15,618,685	62,649,827
Disbursements:									
Instruction	371,996	347,014	-	-	1,546	33,689	-	-	23,310,933
Support services	205,342	150,253	6,789	-	-	3,600	206,554	-	15,846,545
Noninstructional services	-	-	-	-	-	-	-	-	3,075,649
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,580,280
Debt service	-	-	-	-	-	-	-	-	2,280,005
Nonprogrammed charges	-	-	-	-	-	-	-	15,767,389	15,804,843
Total disbursements	577,338	497,267	6,789	-	1,546	37,289	206,554	15,767,389	61,898,255
Excess (deficiency) of receipts over disbursements	(31,151)	40,056	345	-	1,548	-	(5,335)	(148,704)	751,572
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	25,952
Transfers in	-	-	-	-	-	-	-	-	135,347
Transfers out	-	-	-	-	-	-	-	-	(135,347)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	25,952
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(31,151)	40,056	345	-	1,548	-	(5,335)	(148,704)	777,524
Cash and investments - ending	\$ (31,151)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (12,057)	\$ 9,702	\$ 20,780,133

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
GREATER MARTINSVILLE SCHOOL BUILDING CORPORATION	SERIES 2005 HIGH SCHOOL	\$ 784,000	7/15/2006	1/15/2017
CROSSROADS BANK	TURF	161,096	12/1/2011	6/1/2016
DELL FINANCIAL SERVICES	COMPUTERS	197,000	10/25/2013	10/1/2016
PUTMAN INDUSTRIES INC	SHARP COPIERS	88,152	11/18/2011	10/18/2015
PUTMAN INDUSTRIES INC	SHARP COPIERS	<u>13,140</u>	6/1/2013	10/1/2015
Total governmental activities		<u>459,388</u>		
Total of annual lease payments		<u>\$ 459,388</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	SERIES 2011 HIGH SCHOOL & SOUTH ELEM		\$ 205,000	\$ 207,306
General obligation bonds	RETIREMENT/SEVERENCE		1,403,280	876,581
General obligation bonds	SERIES 2014 BELL EAST MIDDLE		<u>1,000,000</u>	<u>453,679</u>
Total governmental activities			<u>2,608,280</u>	<u>1,537,566</u>
Totals			<u>\$ 2,608,280</u>	<u>\$ 1,537,566</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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

	Ending Balance
Governmental activities:	
Land	\$ 272,457
Buildings	36,463,174
Improvements other than buildings	4,388,330
Machinery, equipment, and vehicles	6,034,993
Total governmental activities	47,158,954
Total capital assets	\$ 47,158,954

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Metropolitan School District of Martinsville's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2013 to June 30, 2015. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. Except as discussed in the following paragraph, we conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

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

***Basis for Qualified Opinion on Special Education Cluster (IDEA)
and Improving Teacher Quality State Grants***

As described in item 2015-004 in the accompanying Schedule of Findings and Questioned Costs, we were unable to obtain sufficient appropriate audit evidence supporting the compliance of the School Corporation with the Special Education Cluster (IDEA) and the Improving Teacher Quality State Grants regarding Level of Effort compliance requirement. Consequently, we were unable to determine whether the School Corporation complied with these requirements applicable to the program.

Qualified Opinion on Special Education Cluster (IDEA) and Improving Teacher Quality State Grants

In our opinion, except for the effects of such noncompliance, if any, as might have been determined had we been able to examine sufficient evidence regarding the School Corporation's compliance with the requirements of the Special Education Cluster (IDEA) and the Improving Teacher Quality State Grants regarding Level of Effort described in the *Basis for Qualified Opinion on Special Education Cluster (IDEA) and Improving Teacher Quality State Grants* paragraph the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on the Special Education Cluster (IDEA) and the Improving Teacher Quality State Grants for the period of July 1, 2013 to June 30, 2015.

Unmodified Opinion on the Other 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 other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2013 to June 30, 2015.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2015-005 and 2015-007. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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


INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(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 material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, 2015-005, 2015-006, and 2015-007 to be material weaknesses.

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

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


Paul D. Joyce, CPA
State Examiner

September 28, 2017

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.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY13/14 FY14/15	\$ - -	\$ 341,152 -	\$ - -	\$ - 360,909
Total - School Breakfast Program				-	341,152	-	360,909
National School Lunch Program	Indiana Department of Education	10.555	FY13/14 FY14/15	- -	1,196,425 -	- -	- 1,197,344
National School Lunch Program - Commodities	Indiana Department of Education	10.555	FY 13/14 FY 14/15	- -	180,014 -	- -	- 209,567
Total - National School Lunch Program				-	1,376,439	-	1,406,911
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY12/13 FY13/14	- -	81,717 -	- -	- 46,549
Total - Summer Food Service Program for Children				-	81,717	-	46,549
Total - Child Nutrition Cluster				-	1,799,308	-	1,814,369
Child and Adult Care Food Program	Indiana Department of Education	10.558	FY13/14 FY14/15	- -	870 -	- -	- 1,130
Total - Child Adult Care Food Program				-	870	-	1,130
Total - Department of Agriculture				-	1,800,178	-	1,815,499
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
FY14 TECHNICAL ASSISTANCE			99914-039-TA01	-	15,085	-	7,134
SPECIAL ED FY13 PART B SECTION 611			14213-039-PN01	-	541,406	-	236
SPECIAL ED FY14 PART B SECTION 611			14214-039-PN01	-	588,332	-	537,323
SPECIAL ED FY15 PART B SECTION 611			14215-039-PN01	-	-	-	546,187
Total - Special Education_Grants to States				-	1,144,823	-	1,090,880

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, 2014 and 2015
 (Continued)

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education	84.173					
FY13 PRESCHOOL PART B 619			45713-039-PN01	-	5,330	-	-
FY14 PRESCHOOL PART B 619			45714-039-PN01	-	39,391	-	3,094
FY15 PRESCHOOL PART B 619			45715-039PNO1	-	-	-	37,289
Total - Special Education_Preschool Grants				-	44,721	-	40,383
Total - Special Education Cluster (IDEA)				-	1,189,544	-	1,131,263
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
TITLE 1 2012-2013			13-5925	-	159,064	-	-
TITLE 1 2013-2014			14-5925	-	648,529	-	137,959
TITLE 1 2014-2015			15-5925	-	-	-	846,027
Total - Title I Grants to Local Educational Agencies				-	807,593	-	983,986
Education for Homeless Children and Youth	Indiana Department of Education	84.196					
MCKINNEY VENTO HOMELESS			FY2012	-	34,970	-	-
MCKINNEY VENTO HOMELESS			FY2013	-	21,291	-	22,187
MCKINNEY VENTO HOMELESS			FY2014	-	-	-	26,936
Total - Education for Homeless Children and Youth				-	56,261	-	49,123
Improving Teacher Quality State Grants	Indiana Department of Education	84.367					
TITLE II PART A FY 13			FY2013	-	72,337	-	101,423
TITLE II PART A FY 12			FY2012	-	149,579	-	-
TITLE II PART A FY 14			FY2014	-	-	-	99,796
TITLE II PART A FY 11			FY2011	-	31,655	-	-
Total - Improving Teacher Quality State Grants				-	253,571	-	201,219
Total - Department of Education				-	2,306,969	-	2,365,591
Total federal awards expended				\$ -	\$ 4,107,147	\$ -	\$ 4,181,090

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

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

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs	Unmodified for Child Nutrition Cluster; Qualified for Special Education Cluster (IDEA) and Improving Teacher Quality State Grants
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.367	Improving Teacher Quality State Grants Child Nutrition Cluster Special Education Cluster (IDEA)

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

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

Section II - Financial Statement Findings

FINDING 2015-001

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

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

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). The Treasurer was the only employee involved in the preparation and submission of the SEFA; there was no other review, oversight, or approval process.

Context

The SEFA presented for audit contained the following errors:

1. The National School Lunch Program commodities were not included, resulting in an understatement totaling \$180,014 and \$209,567 for fiscal year 2014 and fiscal year 2015, respectively.
2. The National School Lunch Program expenditures were understated by \$29,805 and \$6,068 for fiscal year 2014 and fiscal year 2015, respectively.
3. The Summer Food Service Program for Children expenditures were understated by \$9,563 for fiscal year 2014.
4. The Child and Adult Care Food Program expenditures were overstated by \$284 and \$4,938 for fiscal year 2014 and fiscal year 2015, respectively.
5. The Improving Teacher Quality State Grants expenditures were understated by \$11,494 for fiscal year 2014.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA. These adjustments resulted in a presentation of the SEFA that is materially correct in relation to the financial statement.

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. . . ."

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

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

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

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

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Cause

Management had not established a system of internal controls that would have ensured proper reporting of federal expenditures on the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material mis-statements of the SEFA remained undetected.

Recommendation

We recommended that the School Corporation's management establish controls to ensure accurate and complete reporting of federal expenditures on the SEFA.

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

Views of Responsible Officials

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

FINDING 2015-002

Subject: Internal Controls over Financial Transactions and Reporting
Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation over cash and investments. The bank reconciliations between bank balances and the School Corporation's records did not contain evidence of a review and approval process taking place. This lack of controls resulted in variances in the bank reconciliations not being identified and corrected timely during the audit period.

Context

Monthly bank reconciliations were completed; however, none of the reconciliations were reviewed and approved by someone other than the preparer.

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. . . ."

Cause

Management of the School Corporation had not established a proper system of internal control over cash and investments.

Effect

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure accurate and complete bank reconciliements are prepared.

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 2015-003

Subject: Internal Controls over Special Education Cluster (IDEA) and
Improving Teacher Quality State Grants - Cash Management,
Period of Availability of Federal Funds, Reporting

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants,
Improving Teacher Quality State Grants

CFDA Numbers: 84.027, 84.173, 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-039-PN01, 14214-039-PN01,
14215-039-PN01, 99914-039-TA01,
45713-039-PN01, 45714-039-PN01,
45715-039-PN01, FY2011, FY2012,
FY2014, FY2013

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Period of Availability of Federal Funds, Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant and the following compliance requirements: Cash Management, Period of Availability of Federal Funds, and Reporting.

Cash Management

There were no controls in place to ensure that reimbursement requests were accurate. Reimbursement requests were prepared and filed by the Treasurer with no other review, oversight or approval process, or any other compensating control.

Period of Availability of Federal Funds

There were no controls in place to ensure that expenses were incurred within the period of availability. The School Corporation used the reimbursement requests to verify that expenses were incurred during the period of availability. Reimbursement requests were prepared and filed by the Treasurer with no other review, oversight or approval process, or any other compensating control.

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

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. One employee prepared and submitted the Reimbursement Requests and the Report of Children and Youth with Disabilities Receiving Special Education, Under Part B (IDEA) without oversight, review or approval, or other compensating control.

Context

The lack of controls was a systemic problem, occurring throughout the audit period.

Criteria

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

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

Cause

The School Corporation had not developed a system of internal controls that segregated key functions.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2015-004

Subject: Special Education Cluster (IDEA) and Improving Teacher Quality State Grants - Level of Effort

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants,
Improving Teacher Quality State Grants

CFDA Numbers: 84.027, 84.173, 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): 14213-039-PN01, 14214-039-PN01,
14215-039-PN01, 99914-039-TA01,
45713-039-PN01, 45714-039-PN01,
45715-039-PN01, FY2011, FY2012,
FY2014, FY2013

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Modified Opinion

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Level of Effort compliance requirement.

Context

The Treasurer prepared the Level of Effort - Maintenance of Effort (MOE) amounts to be used on the calculation worksheets during the audit period. The documentation to support the MOE calculations was not maintained and available for audit for either year of the audit period. There was no evidence of an oversight, review, or approval process to ensure the accuracy of the MOE calculations.

Criteria

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

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

34 CFR 76.731 states: "A State and a subgrantee shall keep records to show its compliance with program requirements."

Cause

Management of the School Corporation had not developed a system of internal controls over the Level of Effort (Maintenance of Effort) compliance requirement that would have ensured that the documentation to support the MOE calculations was retained and available for audit.

Effect

The failure to establish a system of internal controls that would have ensured that records were retained and available for audit, prevented the determination of the School Corporation's compliance with the Level of Effort requirements.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation establish a system of internal controls related to the grant agreement and the Level of Effort compliance requirement that would ensure that records are retained and available for audit.

Views of Responsible Officials

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

FINDING 2015-005

Subject: Improving Teacher Quality State Grants - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Improving Teacher Quality State Grants

CFDA Number: 84.367

Federal Award Numbers and Years (or Other Identifying Numbers): FY2011, FY2012, FY2013, FY2014

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Other Matters

Condition

Management of the School Corporation had not established an effective internal control system related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. The Semi-Annual Certifications were not prepared for those employees who were paid entirely from the Improving Teacher Quality State Grants program for the audit period.

Context

There were no Semi-Annual Certifications completed during the audit period.

Criteria

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

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

OMB circular A 87, Attachment B, section 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

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

Cause

Management had not developed a system of internal controls that would have ensured the School Corporation complied with the Allowable Costs/Cost Principles compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to occur. Noncompliance with the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and implement procedures to ensure compliance with the grant agreement and the Allowable Costs/Costs Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2015-006

Subject: Internal Controls over Child Nutrition Cluster

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY12/13, FY13/14, FY14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, Special Tests and Provisions -
Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the following compliance requirements: Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP).

Eligibility

There were no controls in place to ensure that the eligibility determinations for free and reduced price meals were accurate. The School Corporation used a computer-based system to determine a household's eligibility based on information provided by the parent or guardian. However, there were no controls in place to ensure that the system parameters had been accurately defined to match the Federal Income Guidelines nor that the system had calculated and determined the benefits correctly.

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

In addition, the School Corporation processed some paper Free and Reduced Applications. The applications were entered into their computer-based system with no control in place to ensure the information was entered correctly.

Reporting

There were no controls in place to ensure that required reports were complete and accurate prior to submission. Annual Financial Reports are required at the end of every year for the food service program. There was no evidence of the reports being reviewed and approved by a separate member of management prior to submission.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)
(Applies to School Breakfast Program and National School Lunch Program)*

There were no controls in place to ensure that the Special Tests and Provisions - Verification of Free and Reduced Price Application (NSLP) report was complete and accurate prior to submission. The yearly verification summary is prepared by the Skyward Administrator. The Food Service Director reviews/approves the summary prior to submission of the 3 percent verification of student applications; however, there is no evidence of his review. There were no other review, oversight, or approval processes in place to determine accuracy.

Context

The lack of controls was a systemic problem, occurring throughout the audit period.

Criteria

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

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

Cause

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

Effect

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

Questioned Costs

There were no questioned costs identified.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE
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 2015-007

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY12/13, FY13/14, FY14/15

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

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 Procurement compliance requirement.

The School Corporation policy is that the School Board shall accept/reject bids in a meeting open to the public. During the 2014-2015 school year, the School Corporation solicited bids for dairy, bakery, and produce products; however, the School Corporation did not follow this policy as these bids were not accepted during a public meeting.

Context

The lack of controls and the noncompliance were a systemic problem, occurring during the school year 2014-2015.

Criteria

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

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

7 CFR 3016.36(b) states: "Procurement standards. (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

The School Corporation's 6320 - Purchasing policy states in part: ". . . The Board shall accept or reject bids in a Board meeting open to the public and award contracts as a consequence of such bids. . . ."

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

Cause

Management of the School Corporation had not developed a system of internal controls that would have ensured the School Corporation complied with the grant agreement and the Procurement compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls and ensure compliance related to the grant agreement and Procurement 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.

Metropolitan School District of Martinsville

*P.O. Box 1416
389 E. Jackson Street
Martinsville, Indiana 46151
765-342-6641
Fax 765-342-6877*

Board of Education
*Tana Lobb, President
Steve Brock, Vice President
Michelle Baugh, Secretary
Dave Rinehart
Debbie Lipps*

Superintendent
*Dr. Michele Moore
Assistant Superintendent
Dr. Terry Terhune
Treasurer
Kimberly LaRue*

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2013-001

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kimberly LaRue
Contact Phone Number: 765-342-6641

Status of Audit Finding:

Internal controls have been implemented for all federal grants files to include the actual approval letter. The Annual Financial report is now approved by superintendent with all SEFA funds.

FINDING 2013-002

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kimberly LaRue
Contact Phone Number: 765-342-6641

Status of Audit Finding:

All grant files have reimbursement request forms with 2 signatures for approval for all reimbursements.

FINDING 2013-003

Fiscal year in which the finding initially occurred: 2013
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kimberly LaRue
Contact Phone Number: 765-342-6641

Status of Audit Finding:

Director is responsible for all records for employees/funds related to the grant period.
All certifications, time and effort logs are maintained by the Program Directors.
This has been corrected for the Special Education Cluster; since the prior audit we have changed directors over Title II and have not started maintaining time and effort reports.

FINDING 2013-004

Fiscal year in which the finding initially occurred: 2011
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IDOE
Contact Person Responsible for Corrective Action: Kimberly LaRue
Contact Phone Number: 765-342-6641

Status of Audit Finding:

Director maintains all records of inventory for items purchased with federal funds

Kimberly LaRue
(Signature)
Treasurer
(Title)
9/15/2017
(Date)

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

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Superintendent

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Assistant Superintendent
Dr. Terry Terhune
Treasurer
Kimberly LaRue

CORRECTIVE ACTION PLAN

FINDING 2015-001

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to Preparation of the Schedule of Expenditures of Federal Awards errors 1, 2, 3 & 4 the following steps will be followed.

The District Treasurer will contact the Food Service Director and request that the Food Service Department report all Federal Awards pertaining to CFDA Numbers for Child Nutrition Programs. The Director will work with the Food Service Business Specialist to calculate all Federal Awards pertaining to the National School Breakfast, National School Lunch, Summer Food Service and Food Distribution programs. The amounts will be verified by Director and presented to the District Treasurer to be reported on the SEFA report for each calendar year.

In regards to finding pertaining to Preparation of the Schedule of Expenditures of Federal Awards error 5 the following steps will be followed.

The District Treasurer will contact the Grant Director and request report for all Federal Awards for each calendar year. The Treasurer will verify all award amounts for the SEFA report.

The District Treasurer will prepare the SEFA report and will submit to the Superintendent for review for approval.

Anticipated Completion Date: September 28, 2017

Kimberly LaRue
(Signature)
Treasurer
(Title)
9/28/17
(Date)

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Assistant Superintendent
Dr. Terry Terhune
Treasurer
Kimberly LaRue

CORRECTIVE ACTION PLAN

FINDING 2015-002

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to the School Corporation over cash and investments the following step will be followed for internal control.

The monthly bank reconciliements will be completed by the District Treasurer and will be reviewed and approved by the Superintendent.

We have already implemented this internal control in January 2017.

Anticipated Completion Date: January 31, 2017

Kimberly LaRue
Treasurer (Signature)
9/28/17 (Title)
(Date)

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Dr. Terry Terhune
Treasurer
Kimberly LaRue

CORRECTIVE ACTION PLAN

FINDING 2015-003

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to Internal Controls over Special Education Cluster and Improving Teacher Quality State Grants the following steps will be followed.

The District Treasurer will prepare all federal grants reimbursement and will include all documents supporting actual funds requested for reimbursements. The actual reimbursement request will be approved by the administrator before submitting for reimbursement.

Anticipated Completion Date: September 29, 2017

Kimberly LaRue
(Signature)
Treasurer
(Title)
9/28/17
(Date)

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Dr. Terry Terhune
Treasurer
Kimberly LaRue*

CORRECTIVE ACTION PLAN

FINDING 2015-004

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to Internal Controls over Special Education Cluster and Improving Teacher Quality State Grants Level of Effort the following steps will be followed.

The District Treasurer will prepare financial reports for calculation for the Maintenance for Effort worksheet for the Special Education Director. The Director will complete the worksheet and will file all supporting documents for future audits.

Anticipated Completion Date: September 29, 2017

Kimberly LaRue
(Signature)
Treasurer
(Title)
9/28/17
(Date)

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Assistant Superintendent
Dr. Terry Terhune
Treasurer
Kimberly LaRue

CORRECTIVE ACTION PLAN

FINDING 2015-005

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to Internal Controls for the Improving Teacher Quality State Grants allowable costs/cost principles the following controls will be followed.

The Director will be responsible for completing all Semi-Annual Certifications for employees who are paid entirely from the grant for each audit period. The certifications will be located with the Directors grant agreement for each grant cycle.

Anticipated Completion Date: September 29, 2017

Kimberly LaRue
Treasurer (Signature)
9/28/17
(Date)

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Treasurer
Kimberly LaRue

CORRECTIVE ACTION PLAN

FINDING 2015-006

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In regards to findings pertaining to Internal Controls over Child Nutrition Cluster the following implementation will take place.

Eligibility

The Food Service Support Specialist will verify and print the USDA Income Eligibility Guidelines for that Program Year entered into software. In addition, starting with the 2017-2018 school year the Food Service Director is manually calculate 3% of all submitted applications.

Reporting

The Food Service Director will review, print and sign submitted Annual Financial Report once report is compiled by Food Service Business Specialist.

Special Tests and Provisions

The Food Service Director will verify and sign the Verification of Free/Reduced Applications to establish evidence of review.

Anticipated Completion Date: September 29, 2017

Kimberly LaRue
(Signature)

Treasurer
(Title)

9/28/17

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Dr. Terry Terhune
Treasurer
Kimberly LaRue*

CORRECTIVE ACTION PLAN

FINDING 2015-007

Contact Person Responsible for Corrective Action: Kimberly LaRue

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the findings.

Description of Corrective Action Plan:

In regards to Child Nutrition Cluster- procurement the following organizational steps will be executed.

Procurement Standards

The MSD of Martinsville will following procurement standards as set forth in Indiana Code. The Food Service Director will make a request to the Board of Trustees to make a motion to advertise bids. Once the bids are opened and reviewed the Director will make recommendation and ask for approval of bids as set forth in bid documentation. In addition, as outlined in Indiana Code, the MSD of Martinsville Board of Trustees could make a motion to approve any and all Food Service bids that have been awarded by the State sponsored Education Service Center.

Anticipated Completion Date: September 28, 2017

Kimberly LaRue

(Signature)

Treasurer

(Title)

9/28/17

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/>.