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STATE BOARD OF ACCOUNTS  
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February 7, 2023

To: The Officials of the M.S.D. Martinsville School Corporation  
M.S.D. Martinsville School Corporation  
389 E Jackson St  
Martinsville, IN 46151

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of M.S.D. Martinsville School Corporation. We have reviewed the audit report opined upon by Crowe LLP, Independent Public Accountants, for the period July 1, 2019 to June 30, 2021. Per the *Independent Auditor's Report*, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2021, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2019 to June 30, 2021 in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

We call your attention to the findings included in the report on pages 35-39. Please see the Schedule of Findings and Questioned Costs for complete details related to the findings. Management's Corrective Action Plan appears on pages 40- 41.

In our opinion, Crowe LLP prepared the audit report in accordance with the guidelines established by the State Board of Accounts.

In addition to the report presented herein, a Supplemental Report for M.S.D. Martinsville School Corporation was prepared in accordance with the guidelines established by the State Board of Accounts.

The report is filed with this letter in our office as a matter of public record.

Handwritten signature of Tammy R. White in cursive.

Tammy R. White, CPA  
Deputy State Examiner

**METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE**  
Morgan County, Indiana

**FINANCIAL STATEMENT**  
As of June 30, 2021, and for the  
period of July 1, 2019 to June 30, 2021

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
Morgan County, Indiana

FINANCIAL STATEMENT  
As of June 30, 2021, and for the  
period of July 1, 2019 to June 30, 2021

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METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF OFFICIALS (Unaudited)  
For the period July 1, 2019 to June 30, 2021

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Whitney Kuszmaul	07-01-19 to 06-30-21
Superintendent of Schools	Dr. Jay Arthur	07-01-19 to 06-30-21
President of the School Board	Deborah Lipps Michelle Baugh	07-01-19 to 12-31-19 01-01-20 to 06-30-21

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Metropolitan School District of Martinsville  
Morgan County, Indiana

**Report on the Financial Statement**

We have audited the accompanying statement of receipts, disbursements, other financing sources (uses) and cash and investment balances of the Metropolitan School District of Martinsville (the School Corporation) as of June 30, 2021 and for the period of July 1, 2019 to June 30, 2021, and the related notes to the financial statement.

***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) as described in Note 1. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of this financial statement that are 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 entity'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 entity'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.

***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.

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(Continued)

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 of the School Corporation as of June 30, 2021, or changes in net position for the period of July 1, 2019 to June 30, 2021.

### ***Unmodified Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the cash and investment balances of the School Corporation as of June 30, 2021, and its cash receipts, cash disbursements, and other financing sources (uses) for the period of July 1, 2019 to June 30, 2021 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 financial statement as a whole. The accompanying Schedule of Expenditures of Federal Awards as required by Title 2 *U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, Schedule of Officials, Supplementary Information Schedules, and State Reporting Information are presented for purposes of additional analysis and are not a required part of the financial statement.

The Schedule of Expenditures of Federal Awards 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. Such 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 themselves, 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 as a whole.

The Schedule of Officials, Supplementary Information Schedules, and State Reporting Information, marked as unaudited on the table of contents, have not been subjected to the auditing procedures applied in the audit of the financial statement, and accordingly, we do not express an opinion or provide any assurance on them.

### ***Other Reporting Required by Governmental Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2023 on our consideration of the School Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and 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 effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
February 3, 2023

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),  
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
As of June 30, 2021 and for the period July 1, 2019 through June 30, 2021

Fund	Cash and Investments 07-01-2019	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021
Education	\$ 6,715,194	\$ 29,878,259	\$ 24,656,736	\$ (2,665,199)	\$ 9,271,518	\$ 28,263,861	\$ 24,458,202	\$ (5,294,005)	\$ 7,783,172
Debt Service	169,674	2,437,360	1,855,175	18,461	770,320	2,870,754	2,709,167	(298,556)	633,351
Operations	10,607,169	8,252,419	12,979,844	2,627,105	8,506,849	9,532,415	16,597,540	5,244,014	6,685,738
Local Rainy Day	2,815,052	1	-	-	2,815,053	-	333,689	-	2,481,364
Post-Retirement/Severance Futu	40,000	-	20,000	-	20,000	-	-	-	20,000
Construction	191,509	-	675,632	4,330,000	3,845,877	-	2,906,134	-	939,743
School Lunch	522,389	2,169,155	2,060,006	-	631,538	1,622,263	1,709,466	-	544,335
Curricular Materials Rental	964,386	557,589	862,625	-	659,350	561,003	881,412	298,556	637,497
Levy Excess	9	-	-	-	9	-	-	(9)	-
Child Care Program	1	50,422	50,422	-	1	62,921	62,922	-	-
Red Ribbon Program	-	-	795	795	-	-	-	-	-
Knights Of Columbus Donation	-	-	-	730	730	-	730	-	-
Duke Energy Summer Grant Fy19	-	-	307	617	310	-	310	-	-
Duke Energy Summer Grant Fy20	-	13,715	-	-	13,715	-	12,996	-	719
Real Men Read 20-21	-	5,646	-	-	5,646	-	5,646	-	-
Duke Energy Ppe Grant	-	-	-	-	-	1,500	1,500	-	-
Cfmc - Impact Grant Making	-	-	-	-	-	8,360	2,164	-	6,196
Cfmc- Robert D. Blue Endowment	-	-	-	-	-	22,700	11,299	-	11,401
Alternative Education 18-19	37,471	-	35,266	-	2,205	-	2,205	-	-
Alternative Education 19-20	-	33,464	32,178	-	1,286	-	1,229	-	57
Scholarships And Awards	49,861	17,747	25,950	-	41,658	54,904	38,750	-	57,812
Unassigned Local Funds	700	-	-	(700)	-	-	-	-	-
2020 Real Men Read Grant - Duke Energy	51	-	51	-	-	-	-	-	-
Duke Energy Summer Grant Fy19	5,612	-	4,995	(617)	-	-	-	-	-
Red Ribbon Program	795	-	-	(795)	-	-	-	-	-
Donation From Knights Of Columbus	730	-	-	(730)	-	-	-	-	-
Dual Immersion Pilot Program	-	-	-	-	-	14,135	15,267	-	(1,132)
Formative Assesment Grant	19,548	45,830	45,830	-	19,548	38,213	38,213	-	19,548
Sped Excess Cost	3,016	74,343	78,377	-	(1,018)	86,975	78,452	-	7,505
Medicaid Reimbursement	-	46,709	10,463	(3,950)	32,296	64,759	11,668	-	85,387
Secured School Safety Grant	-	50,000	100,000	50,000	-	50,000	100,000	50,000	-
In Academy Of Science Grant	-	1,200	1,200	-	-	-	-	-	-
Alternative Education Fy21	-	-	-	-	-	32,697	30,425	-	2,272
Early Intervention 18/19	16,081	-	16,081	-	-	-	-	-	-
Early Intervention 19-20	-	14,835	-	-	14,835	-	14,835	-	-
Early Intervention 20-21	-	-	-	-	-	11,233	-	-	11,233
School Intervention & Counseli	349,768	-	120,521	-	229,247	-	131,402	-	97,845
Non English Speaking 19-20	-	6,743	1,241	-	5,502	-	5,502	-	-
Non English Speaking 20-21	-	-	-	-	-	6,790	4,313	-	2,477
Cte Grant	3,098	-	-	-	3,098	-	-	-	3,098
Teacher Appreciation Grant	-	155,511	155,517	6	-	143,794	142,952	-	842

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES),  
AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
As of June 30, 2021 and for the period July 1, 2019 through June 30, 2021

Fund	Cash and Investments 07-01-2019	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2020	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-2021
High Ability 18/19	\$ 14,983	\$ 44,990	\$ 34,577	\$ -	\$ 25,396	\$ 37,792	\$ 46,527	\$ -	\$ 16,661
State Connectivity Grant	-	45,788	24,694	-	21,094	7,909	19,233	-	9,770
Career Ladders Grant	-	319,640	-	-	319,640	-	90,750	-	228,890
Project Lead The Way	-	12,495	2,995	-	9,500	2,400	11,900	-	-
Title I Fy17	(9)	-	-	9	-	-	-	-	-
Title I 2018-19	(20,442)	194,634	174,192	-	-	-	-	-	-
Title I 2019-2020	-	411,240	449,552	-	(38,312)	244,075	205,763	-	-
Title I 2020-2021	-	-	-	-	-	387,412	403,188	-	(15,776)
Homeless Grant 2012-13	-	-	-	-	-	14,628	17,393	-	(2,765)
Homeless Grant Fy 18/19	(846)	3,990	3,144	-	-	-	-	-	-
Mckinney Vento Homeless 19/20	-	10,071	12,812	-	(2,741)	22,931	20,190	-	-
Special Ed Part B 611 Fy20	-	746,731	766,927	-	(20,196)	274,926	258,354	-	(3,624)
Sp Ed Part B 611 Fy 2021	-	-	-	-	-	821,733	829,604	-	(7,871)
Sp Ed Part B 611 2018	(3,128)	34,176	31,048	-	-	-	-	-	-
Sp Ed Part B 611 Fy 2019	(26,771)	468,658	461,505	-	(19,618)	111,632	93,236	-	(1,222)
Fy20 Preschool Part B 619	-	5,639	6,816	-	(1,177)	35,520	34,343	-	-
Proj 45715-03-Pn01	-	-	-	-	-	9,522	9,522	-	-
Fy 2016 Preschool Grant	(2)	(1)	-	3	-	-	-	-	-
Fy 2017 Part B 619 Preschool	5	(1)	-	(4)	-	-	-	-	-
Preschool Fy19	(1,445)	35,124	33,679	-	-	769	769	-	-
Title Iv Part A 2017	(4,853)	18,282	13,429	-	-	7,470	-	-	7,470
Title Iv Part A 2018-2020	(22,105)	37,115	15,010	-	-	1,192	1,192	-	-
Title Iv Part A 2019-2021	-	-	-	-	-	62,175	54,690	-	7,485
Medicaid Reimbursement - Feder	-	32,398	2,049	3,950	34,299	74,374	5,408	-	103,265
Improving Teacher Quality Stat	1,461	1	-	(1,462)	-	48,589	56,628	-	(8,039)
Title Ii Fy 18-19	(6,118)	58,567	52,449	-	-	15,161	15,161	-	-
Title Ii Fy19-21	-	40,388	51,327	-	(10,939)	100,735	92,746	-	(2,950)
ESSER II	-	-	-	-	-	98	1,780,451	-	(1,780,353)
Governor's Emergency Education Relief (GEE)	-	-	-	-	-	284,063	284,063	-	-
ESSER I	-	-	-	-	-	323,510	340,949	-	(17,439)
8000_Payroll Withholdings	222,827	10,131,467	9,888,227	-	466,067	13,047,647	13,436,047	-	77,667
9800_Payroll Withholdings	77,652	4,090,090	4,109,957	-	57,785	2,372,740	2,336,322	-	94,203
Prepaid Lunch Account	39,919	285,249	270,746	-	54,422	73,975	73,975	-	54,422
<b>Totals</b>	<b>\$ 22,783,242</b>	<b>\$ 60,837,679</b>	<b>\$ 60,194,347</b>	<b>\$ 4,358,219</b>	<b>\$ 27,784,793</b>	<b>\$ 61,832,255</b>	<b>\$ 70,826,794</b>	<b>\$ -</b>	<b>\$ 18,790,254</b>

See notes to financial statement.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
As of June 30, 2021, and for the period July 1, 2019 to June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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.

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 (GAAP), 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. The regulatory basis also allows for all investments to be stated at cost, while GAAP requires fair value for qualifying investments.

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.

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.

*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.

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

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
As of June 30, 2021, and for the period July 1, 2019 to June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

*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.

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

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

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

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.

*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.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
As of June 30, 2021, and for the period July 1, 2019 to June 30, 2021

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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 School Corporation 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 December 31 of the year preceding the budget year or January 15 of the budget year if the School Corporation is issuing debt after December 1 or intends on filing a shortfall appeal. These rates were based upon the assessed valuations adjusted for various tax credits from the preceding year's lien date of January 1. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

The School Corporation held cash deposits and certificates of deposit with financial institutions that maintained FDIC and PDIF coverages, as applicable. The School Corporation did not hold investments for the period under audit.

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(Continued)

**NOTE 5 - RISK MANAGEMENT**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters. These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks

The School Corporation has purchased insurance to address the risks described above.

**NOTE 6 - CASH BALANCE DEFICITS**

The financial statement contains some funds with deficits in cash. This is a result of certain funds being set up for reimbursable grants, but for which reimbursement was not yet received by June 30, 2020, and 2021.

**NOTE 7 - HOLDING CORPORATION**

The School Corporation has entered into a series of capital leases 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 for the period July 1, 2019 to June 30, 2020 totaled \$689,000. Lease payments for the period July 1, 2020 to June 30, 2021 totaled \$1,074,500.

**NOTE 8 - PENSION PLANS**

**Public Employees' Retirement Fund**

*Plan Description*

The Indiana Public Employees' Retirement Fund Defined Benefit Plan (PERF DB) is a cost sharing multiple-employer defined benefit plan and provides retirement, disability, and survivor benefits to plan members. PERF DB is administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2 and IC 5-10.3) and administrative code (35 IAC 1.2), which govern most requirements of the system and give the School Corporation authority to contribute to the plan.

The Public Employees' Hybrid Plan (PERF Hybrid) consists of two components: PERF DB, the employer-funded monthly defined benefit component, and the Public Employees' Hybrid Members Defined Contribution Account, the defined contribution component.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
As of June 30, 2021, and for the period July 1, 2019 to June 30, 2021

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**NOTE 8 - PENSION PLANS** (Continued)

*Financial Report*

INPRS 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. (844) 464-6777

*Contributions*

Members' contributions are set by state statute at 3 percent of compensation for the defined contribution component of PERF Hybrid. The employer may elect to make the contribution on behalf of the member of the defined contribution component of PERF Hybrid.

**Teachers' Retirement Fund**

*Plan Descriptions*

The Indiana Teachers' Hybrid Plan (TRF Hybrid) consists of two components: Indiana Teachers' Pre-1996 Defined Benefit Account (Teachers' Pre-1996 DB) or Indiana Teachers' 1996 Defined Benefit Account (Teachers' 1996 DB) the monthly employer-funded defined benefit components, along with the Indiana Teachers' Defined Contribution Account (TRF DC), the defined contribution component. Generally, members hired before 1996 participate in the Teachers' Pre-1996 DB and members hired after 1995 participate in the Teachers' 1996 DB.

The Teachers' 1996 DB is a cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. All legally qualified and regularly employed licensed teachers serving in State of Indiana public schools are eligible to participate in the Teachers' 1996 DB.

The Teachers' Pre-1996 DB is a pay-as-you-go, cost-sharing multiple-employer defined benefit pension plan and provides retirement, disability, and survivor benefits to plan members. Membership in the Teachers' Pre-1996 DB is closed to new entrants.

The TRF DC is a multiple-employer defined contribution plan providing supplemental retirement benefits to Teachers' 1996 DB and Teachers' Pre-1996 DB members.

The Retirement Savings Plan for Public Teachers (My Choice) is a multiple-employer defined contribution plan. New employees hired after June 30, 2019, have a one-time election to join either the TRF Hybrid plan that is not closed to new entrants or the My Choice plan.

All these plans are administered through the Indiana Public Retirement System (INPRS) Board in accordance with state statutes (IC 5-10.2, IC 5-10.3, and IC 5-10.4) and administrative code (35 IAC 14), which govern most requirements of the system and give the School Corporation authority to contribute to the plan when applicable.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO FINANCIAL STATEMENT  
As of June 30, 2021, and for the period July 1, 2019 to June 30, 2021

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**NOTE 8 - PENSION PLANS** (Continued)

*Financial Report*

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. (844) 464-6777

*Contributions*

The School Corporation contributes the employer's share to Teachers' 1996 DB 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. These contributions are determined by the INPRS Board based on actuarial valuation. 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 (Teachers' Pre-1996 DB) is considered to be an obligation of, and is paid by, the State of Indiana.

Contributions for the defined contribution component of TRF Hybrid are determined by statute and the INPRS Board at 3 percent of covered payroll. The employer may choose to make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

My Choice plan is funded with employer contributions and member contributions. The employer contributions must equal the contribution rate for monthly employer-funded defined benefit components of TRF Hybrid. The amount deposited into the employer contribution subaccount for the member is the normal cost of participation. The variable rate contribution can be no less than 3 percent. Member contributions are determined by statute and the Board at 3 percent of covered payroll. The employer must make these contributions on behalf of the member. Under certain limitations, voluntary contributions up to 10 percent can be made solely by the member.

**NOTE 9 - SUBSEQUENT EVENTS**

In November 2021, the School Corporation issued general obligation bonds in the amount of \$1,090,000 for the purpose of paying the costs of the renovation of and improvements to school facilities throughout the school corporation, including equipment, technology, and site improvements.

In September 2022, the School Corporation issued general obligation bonds in the amount of \$5,335,000 for the purpose of paying the costs of the renovation of and improvements to school facilities throughout the school corporation, including equipment, technology, and site improvements.

**SUPPLEMENTARY INFORMATION**

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Education	Debt Service	Operations	Local Rainy Day	Post-Retirement/Severance Futu	Construction	School Lunch	Curricular Materials Rental	Levy Excess	Child Care Program	Red Ribbon Program	Knights Of Columbus Donation
Cash and investments - beginning	\$ 6,715,194	\$ 169,674	\$ 10,607,169	\$ 2,815,052	\$ 40,000	\$ 191,509	\$ 522,389	\$ 964,386	\$ 9	\$ 1	\$ -	\$ -
Receipts:												
Local sources	43,621	2,437,360	8,252,168	1	-	-	718,396	377,556	-	-	-	-
Intermediate sources	-	-	137	-	-	-	-	-	-	-	-	-
State sources	29,834,638	-	114	-	-	-	17,183	169,691	-	-	-	-
Federal sources	-	-	-	-	-	-	1,433,576	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	10,342	-	16,568	-	-
Other receipts	-	-	-	-	-	-	-	-	-	33,854	-	-
Total receipts	29,878,259	2,437,360	8,252,419	1	-	-	2,169,155	557,589	-	50,422	-	-
Disbursements:												
Instruction	19,272,355	-	-	-	20,000	-	-	-	-	36,038	-	-
Support services	5,036,997	-	9,810,428	-	-	-	320	846,057	-	4,042	795	-
Noninstructional services	347,384	-	17,005	-	-	-	2,059,686	-	-	-	-	-
Facilities acquisition and construction	-	-	3,152,411	-	-	675,632	-	-	-	-	-	-
Debt services	-	1,855,175	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	16,568	-	10,342	-	-
Total disbursements	24,656,736	1,855,175	12,979,844	-	20,000	675,632	2,060,006	862,625	-	50,422	795	-
Excess (deficiency) of receipts over disbursements	5,221,523	582,185	(4,727,425)	1	(20,000)	(675,632)	109,149	(305,036)	-	-	(795)	-
Other financing sources (uses):												
Proceeds of long-term debt	-	18,461	-	-	-	4,330,000	-	-	-	-	-	-
Sale of capital assets	-	-	9,758	-	-	-	-	-	-	-	-	-
Transfers in	7,400	-	2,674,759	-	-	-	-	-	-	-	795	730
Transfers out	(2,672,599)	-	(57,412)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(2,665,199)	18,461	2,627,105	-	-	4,330,000	-	-	-	-	795	730
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,556,324	600,646	(2,100,320)	1	(20,000)	3,654,368	109,149	(305,036)	-	-	-	730
Cash and investments - ending	\$ 9,271,518	\$ 770,320	\$ 8,506,849	\$ 2,815,053	\$ 20,000	\$ 3,845,877	\$ 631,538	\$ 659,350	\$ 9	\$ 1	\$ -	\$ 730

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Duke Energy Summer Grant Fy19	Duke Energy Summer Grant Fy20	Real Men Read 20-21	Alternative Education 18-19	Alternative Education 19-20	Scholarships And Awards	Unassigned Local Funds	2020 Real Men Read Grant - Duke Energy	Duke Energy Summer Grant Fy19	Red Ribbon Program	Donation From Knights Of Columbus
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 37,471	\$ -	\$ 49,861	\$ 700	\$ 51	\$ 5,612	\$ 795	\$ 730
Receipts:											
Local sources	-	-	-	-	-	17,747	-	-	-	-	-
Intermediate sources	-	13,715	5,646	-	-	-	-	-	-	-	-
State sources	-	-	-	-	33,464	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	13,715	5,646	-	33,464	17,747	-	-	-	-	-
Disbursements:											
Instruction	307	-	-	35,266	32,178	-	-	51	4,995	-	-
Support services	-	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	25,950	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	307	-	-	35,266	32,178	25,950	-	51	4,995	-	-
Excess (deficiency) of receipts over disbursements	(307)	13,715	5,646	(35,266)	1,286	(8,203)	-	(51)	(4,995)	-	-
Other financing sources (uses):											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	617	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(700)	-	(617)	(795)	(730)
Total other financing sources (uses)	617	-	-	-	-	-	(700)	-	(617)	(795)	(730)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	310	13,715	5,646	(35,266)	1,286	(8,203)	(700)	(51)	(5,612)	(795)	(730)
Cash and investments - ending	\$ 310	\$ 13,715	\$ 5,646	\$ 2,205	\$ 1,286	\$ 41,658	\$ -	\$ -	\$ -	\$ -	\$ -

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METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Formative Assesment Grant	Sped Excess Cost	Medicaid Reimbursement	Secured School Safety Grant	In Academy Of Science Grant	Early Intervention 18/19	Early Intervention 19- 20	School Intervention & Counseli	Non English Speaking 19-20	Cte Grant	Teacher Appreciation Grant	High Ability 18/19
Cash and investments - beginning	\$ 19,548	\$ 3,016	\$ -	\$ -	\$ -	\$ 16,081	\$ -	\$ 349,768	\$ -	\$ 3,098	\$ -	\$ 14,983
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-
State sources	45,830	74,343	46,709	50,000	1,200	-	14,835	-	6,743	-	155,511	44,990
Federal sources	-	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	45,830	74,343	46,709	50,000	1,200	-	14,835	-	6,743	-	155,511	44,990
Disbursements:												
Instruction	45,830	78,377	-	-	-	16,081	-	-	1,241	-	155,517	34,577
Support services	-	-	10,463	-	1,200	-	-	120,521	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	100,000	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	45,830	78,377	10,463	100,000	1,200	16,081	-	120,521	1,241	-	155,517	34,577
Excess (deficiency) of receipts over disbursements	-	(4,034)	36,246	(50,000)	-	(16,081)	14,835	(120,521)	5,502	-	(6)	10,413
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	50,000	-	-	-	-	-	-	6	-
Transfers out	-	-	(3,950)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	(3,950)	50,000	-	-	-	-	-	-	6	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,034)	32,296	-	-	(16,081)	14,835	(120,521)	5,502	-	-	10,413
Cash and investments - ending	\$ 19,548	\$ (1,018)	\$ 32,296	\$ -	\$ -	\$ -	\$ 14,835	\$ 229,247	\$ 5,502	\$ 3,098	\$ -	\$ 25,396

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	State Connectivity Grant	Career Ladders Grant	Project Lead The Way	Title I Fy17	Title I 2018-19	Title I 2019- 2020	Homeless Grant Fy 18/19	Mckinney Vento Homeless 19/20	Special Ed Part B 611 Fy20	Sp Ed Part B 611 2018	Sp Ed Part B 611 Fy 2019	Fy20 Preschool Part B 619	Fy 2016 Preschool Grant
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (9)	\$ (20,442)	\$ -	\$ (846)	\$ -	\$ -	\$ (3,128)	\$ (26,771)	\$ -	\$ (2)
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	45,788	319,640	12,495	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	194,634	411,240	3,990	10,071	746,731	34,176	468,658	5,639	(1)
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	45,788	319,640	12,495	-	194,634	411,240	3,990	10,071	746,731	34,176	468,658	5,639	(1)
Disbursements:													
Instruction	-	-	-	-	156,386	417,703	-	-	559,273	-	169,921	6,816	-
Support services	24,694	-	2,995	-	6,911	12,739	3,144	12,812	207,654	31,048	291,584	-	-
Noninstructional services	-	-	-	-	10,895	19,110	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,694	-	2,995	-	174,192	449,552	3,144	12,812	766,927	31,048	461,505	6,816	-
Excess (deficiency) of receipts over disbursements	21,094	319,640	9,500	-	20,442	(38,312)	846	(2,741)	(20,196)	3,128	7,153	(1,177)	(1)
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	9	-	-	-	-	-	-	-	-	3
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	9	-	-	-	-	-	-	-	-	3
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	21,094	319,640	9,500	9	20,442	(38,312)	846	(2,741)	(20,196)	3,128	7,153	(1,177)	2
Cash and investments - ending	\$ 21,094	\$ 319,640	\$ 9,500	\$ -	\$ -	\$ (38,312)	\$ -	\$ (2,741)	\$ (20,196)	\$ -	\$ (19,618)	\$ (1,177)	\$ -

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Fy 2017 Part B 619 Preschool	Preschool Fy19	Title Iv Part A 2017	Title Iv Part A 2018-2020	Medicaid Reimbursement - Feder	Improving Teacher Quality Stat	Title li Fy 18- 19	Title li Fy19- 21	8000_Payroll Withholdings	9800_Payroll Withholdings	Prepaid Lunch Account	Totals
Cash and investments - beginning	\$ 5	\$ (1,445)	\$ (4,853)	\$ (22,105)	\$ -	\$ 1,461	\$ (6,118)	\$ -	\$ 222,827	\$ 77,652	\$ 39,919	\$ 22,783,242
Receipts:												
Local sources	-	-	-	-	-	-	-	-	-	-	-	11,846,849
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	19,498
State sources	-	-	-	-	-	-	-	-	-	-	-	30,873,174
Federal sources	(1)	35,124	18,282	37,115	32,398	1	58,567	40,388	-	-	-	3,530,588
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	26,910
Other receipts	-	-	-	-	-	-	-	-	10,131,467	4,090,090	285,249	14,540,660
Total receipts	(1)	35,124	18,282	37,115	32,398	1	58,567	40,388	10,131,467	4,090,090	285,249	60,837,679
Disbursements:												
Instruction	-	33,679	3,038	15,010	-	-	-	-	-	-	-	21,094,639
Support services	-	-	10,391	-	2,049	-	52,449	51,327	-	-	-	16,540,620
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	2,454,080
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	3,928,043
Debt services	-	-	-	-	-	-	-	-	-	-	-	1,855,175
Nonprogrammed charges	-	-	-	-	-	-	-	-	9,888,227	4,109,957	270,746	14,294,880
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	26,910
Total disbursements	-	33,679	13,429	15,010	2,049	-	52,449	51,327	9,888,227	4,109,957	270,746	60,194,347
Excess (deficiency) of receipts over disbursements	(1)	1,445	4,853	22,105	30,349	1	6,118	(10,939)	243,240	(19,867)	14,503	643,332
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	4,348,461
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	9,758
Transfers in	-	-	-	-	3,950	-	-	-	-	-	-	2,738,269
Transfers out	(4)	-	-	-	-	(1,462)	-	-	-	-	-	(2,738,269)
Total other financing sources (uses)	(4)	-	-	-	3,950	(1,462)	-	-	-	-	-	4,358,219
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5)	1,445	4,853	22,105	34,299	(1,461)	6,118	(10,939)	243,240	(19,867)	14,503	5,001,551
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 34,299	\$ -	\$ -	\$ (10,939)	\$ 466,067	\$ 57,785	\$ 54,422	\$ 27,784,793

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Education	Debt Service	Operations	Local Rainy Day	Post-Retirement/Severance Futu	Construction	School Lunch	Curricular Materials Rental	Levy Excess	Child Care Program	Knights Of Columbus Donation
Cash and investments - beginning	\$ 9,271,518	\$ 770,320	\$ 8,506,849	\$ 2,815,053	\$ 20,000	\$ 3,845,877	\$ 631,538	\$ 659,350	\$ 9	\$ 1	\$ 730
Receipts:											
Local sources	305	2,870,754	9,532,297	-	-	-	178,014	531,108	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	28,263,556	-	118	-	-	-	16,066	-	-	-	-
Federal sources	-	-	-	-	-	-	1,428,183	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	29,895	-	34,008	-
Other receipts	-	-	-	-	-	-	-	-	-	28,913	-
Total receipts	28,263,861	2,870,754	9,532,415	-	-	-	1,622,263	561,003	-	62,921	-
Disbursements:											
Instruction	18,662,242	-	-	245,943	-	-	-	-	-	32,379	730
Support services	5,456,298	-	10,030,941	68,755	-	-	60	847,404	-	648	-
Noninstructional services	339,662	-	6,450	18,991	-	-	1,709,406	-	-	-	-
Facilities acquisition and construction	-	-	6,560,149	-	-	2,906,134	-	-	-	-	-
Debt services	-	2,709,167	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	34,008	-	29,895	-
Total disbursements	24,458,202	2,709,167	16,597,540	333,689	-	2,906,134	1,709,466	881,412	-	62,922	730
Excess (deficiency) of receipts over disbursements	3,805,659	161,587	(7,065,125)	(333,689)	-	(2,906,134)	(87,203)	(320,409)	-	(1)	(730)
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	5,294,014	-	-	-	-	298,556	-	-	-
Transfers out	(5,294,005)	(298,556)	(50,000)	-	-	-	-	-	(9)	-	-
Total other financing sources (uses)	(5,294,005)	(298,556)	5,244,014	-	-	-	-	298,556	(9)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,488,346)	(136,969)	(1,821,111)	(333,689)	-	(2,906,134)	(87,203)	(21,853)	(9)	(1)	(730)
Cash and investments - ending	\$ 7,783,172	\$ 633,351	\$ 6,685,738	\$ 2,481,364	\$ 20,000	\$ 939,743	\$ 544,335	\$ 637,497	\$ -	\$ -	\$ -

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Duke Energy Summer Grant Fy19	Duke Energy Summer Grant Fy20	Real Men Read 20-21	Duke Energy Ppe Grant	Cfmc - Impact Grant Making	Cfmc- Robert D. Blue Endowment	Alternative Education 18-19	Alternative Education 19-20	Scholarships And Awards	Duke Energy Summer Grant Fy19	Dual Immersion Pilot Program
Cash and investments - beginning	\$ 310	\$ 13,715	\$ 5,646	\$ -	\$ -	\$ -	\$ 2,205	\$ 1,286	\$ 41,658	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	54,904	-	-
Intermediate sources	-	-	-	1,500	8,360	22,700	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	14,135
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	1,500	8,360	22,700	-	-	54,904	-	14,135
Disbursements:											
Instruction	310	12,996	5,646	-	-	11,299	2,205	1,229	-	-	15,267
Support services	-	-	-	1,500	2,164	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	38,750	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	310	12,996	5,646	1,500	2,164	11,299	2,205	1,229	38,750	-	15,267
Excess (deficiency) of receipts over disbursements	(310)	(12,996)	(5,646)	-	6,196	11,401	(2,205)	(1,229)	16,154	-	(1,132)
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	(310)	(12,996)	(5,646)	-	6,196	11,401	(2,205)	(1,229)	16,154	-	(1,132)
Cash and investments - ending	\$ -	\$ 719	\$ -	\$ -	\$ 6,196	\$ 11,401	\$ -	\$ 57	\$ 57,812	\$ -	\$ (1,132)

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Formative Assesment Grant	Sped Excess Cost	Medicaid Reimbursement	Secured School Safety Grant	Alternative Education Fy21	Early Intervention 19- 20	Early Intervention 20- 21	School Intervention & Counseli	Non English Speaking 19-20	Non English Speaking 20-21	Cte Grant
Cash and investments - beginning	\$ 19,548	\$ (1,018)	\$ 32,296	\$ -	\$ -	\$ 14,835	\$ -	\$ 229,247	\$ 5,502	\$ -	\$ 3,098
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	38,213	86,975	64,759	50,000	32,697	-	11,233	-	-	6,790	-
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	38,213	86,975	64,759	50,000	32,697	-	11,233	-	-	6,790	-
Disbursements:											
Instruction	38,213	78,452	-	-	30,425	14,835	-	-	5,502	4,313	-
Support services	-	-	11,668	-	-	-	-	127,897	-	-	-
Noninstructional services	-	-	-	-	-	-	-	3,505	-	-	-
Facilities acquisition and construction	-	-	-	100,000	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	38,213	78,452	11,668	100,000	30,425	14,835	-	131,402	5,502	4,313	-
Excess (deficiency) of receipts over disbursements	-	8,523	53,091	(50,000)	2,272	(14,835)	11,233	(131,402)	(5,502)	2,477	-
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	50,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	50,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	8,523	53,091	-	2,272	(14,835)	11,233	(131,402)	(5,502)	2,477	-
Cash and investments - ending	\$ 19,548	\$ 7,505	\$ 85,387	\$ -	\$ 2,272	\$ -	\$ 11,233	\$ 97,845	\$ -	\$ 2,477	\$ 3,098

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Teacher Appreciation Grant	High Ability 18/19	State Connectivity Grant	Career Ladders Grant	Project Lead The Way	Title I 2018-19	Title I 2019-2020	Title I 2020-2021	Homeless Grant 2012-13	Mckinney Vento Homeless 19/20	Special Ed Part B 611 Fy20
Cash and investments - beginning	\$ -	\$ 25,396	\$ 21,094	\$ 319,640	\$ 9,500	\$ -	\$ (38,312)	\$ -	\$ -	\$ (2,741)	\$ (20,196)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	143,794	37,792	7,909	-	2,400	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	244,075	387,412	14,628	22,931	274,926
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	143,794	37,792	7,909	-	2,400	-	244,075	387,412	14,628	22,931	274,926
Disbursements:											
Instruction	142,952	46,527	-	-	-	-	192,583	395,172	-	-	74,586
Support services	-	-	19,233	90,750	11,900	-	6,822	2,905	17,393	20,190	183,768
Noninstructional services	-	-	-	-	-	-	6,358	5,111	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	142,952	46,527	19,233	90,750	11,900	-	205,763	403,188	17,393	20,190	258,354
Excess (deficiency) of receipts over disbursements	842	(8,735)	(11,324)	(90,750)	(9,500)	-	38,312	(15,776)	(2,765)	2,741	16,572
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	842	(8,735)	(11,324)	(90,750)	(9,500)	-	38,312	(15,776)	(2,765)	2,741	16,572
Cash and investments - ending	\$ 842	\$ 16,661	\$ 9,770	\$ 228,890	\$ -	\$ -	\$ -	\$ (15,776)	\$ (2,765)	\$ -	\$ (3,624)

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Sp Ed Part B 611 Fy 2021	Sp Ed Part B 611 Fy 2019	Fy20 Preschool Part B 619	Proj 45715-03- Pn01	Preschool Fy19	Title Iv Part A 2017	Title Iv Part A 2018-2020	Title Iv Part A 2019-2021	Medicaid Reimbursement - Feder	Improving Teacher Quality Stat	Title li Fy 18-19
Cash and investments - beginning	\$ -	\$ (19,618)	\$ (1,177)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 34,299	\$ -	\$ -
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-	-
Federal sources	821,733	111,632	35,520	9,522	769	7,470	1,192	62,175	74,374	48,589	15,161
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	821,733	111,632	35,520	9,522	769	7,470	1,192	62,175	74,374	48,589	15,161
Disbursements:											
Instruction	646,902	77,541	34,343	9,522	769	-	1,192	427	-	2,000	-
Support services	182,702	15,695	-	-	-	-	-	54,263	5,408	54,628	15,161
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	829,604	93,236	34,343	9,522	769	-	1,192	54,690	5,408	56,628	15,161
Excess (deficiency) of receipts over disbursements	(7,871)	18,396	1,177	-	-	7,470	-	7,485	68,966	(8,039)	-
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	(7,871)	18,396	1,177	-	-	7,470	-	7,485	68,966	(8,039)	-
Cash and investments - ending	\$ (7,871)	\$ (1,222)	\$ -	\$ -	\$ -	\$ 7,470	\$ -	\$ 7,485	\$ 103,265	\$ (8,039)	\$ -

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Title li Fy19-21	ESSER II	Governor's Emergency Education Relief	ESSER I	8000_Payroll Withholdings	9800_Payroll Withholdings	Prepaid Lunch Account	Totals
Cash and investments - beginning	\$ (10,939)	\$ -	\$ -	\$ -	\$ 466,067	\$ 57,785	\$ 54,422	\$ 27,784,793
Receipts:								
Local sources	-	-	-	-	-	-	-	13,167,382
Intermediate sources	-	-	-	-	-	-	-	32,560
State sources	-	-	-	-	-	-	-	28,776,437
Federal sources	100,735	98	284,063	323,510	-	-	-	4,268,698
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	63,903
Other receipts	-	-	-	-	13,047,647	2,372,740	73,975	15,523,275
Total receipts	100,735	98	284,063	323,510	13,047,647	2,372,740	73,975	61,832,255
Disbursements:								
Instruction	-	1,780,451	259,243	40,752	-	-	-	22,866,948
Support services	92,746	-	24,820	300,197	-	-	-	17,645,916
Noninstructional services	-	-	-	-	-	-	-	2,089,483
Facilities acquisition and construction	-	-	-	-	-	-	-	9,566,283
Debt services	-	-	-	-	-	-	-	2,709,167
Nonprogrammed charges	-	-	-	-	13,436,047	2,336,322	73,975	15,885,094
Interfund loans	-	-	-	-	-	-	-	63,903
Total disbursements	92,746	1,780,451	284,063	340,949	13,436,047	2,336,322	73,975	70,826,794
Excess (deficiency) of receipts over disbursements	7,989	(1,780,353)	-	(17,439)	(388,400)	36,418	-	(8,994,539)
Other financing sources (uses)								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	5,642,570
Transfers out	-	-	-	-	-	-	-	(5,642,570)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,989	(1,780,353)	-	(17,439)	(388,400)	36,418	-	(8,994,539)
Cash and investments - ending	\$ (2,950)	\$ (1,780,353)	\$ -	\$ (17,439)	\$ 77,667	\$ 94,203	\$ 54,422	\$ 18,790,254

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2021

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<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	\$ 1,285,265	\$ 5,553,350

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF LEASES AND DEBT  
June 30, 2021

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<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities:				
Cannon IV	Printer lease	\$ 19,560	3/3/2021	3/3/2022
Ricoh	Copier Lease	47,793	12/6/2017	12/6/2022
School Building Corporation 2016 Lease	2016 Lease Rental	690,000	6/30/2017	12/31/2025
School Building Corporation 2020 Lease	2020 Lease Rental	<u>771,000</u>	6/30/2021	12/31/2039
Total governmental activities		<u>1,528,353</u>		
Total of annual lease payments		<u>\$ 1,528,353</u>		

<u>Description of Debt</u>		<u>Ending Principal Balance</u>	<u>Principal and Interest Due Within One Year</u>
<u>Type</u>	<u>Purpose</u>		
Governmental activities:			
General Obligation Bonds	General Obligation Bond 2017	\$ 1,670,000	\$ 825,000
General Obligation Bonds	General Obligation Bond 2019	<u>3,700,000</u>	<u>310,000</u>
Total governmental activities		<u>5,370,000</u>	<u>1,135,000</u>
Totals		<u>\$ 5,370,000</u>	<u>\$ 1,135,000</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF CAPITAL ASSETS  
June 30, 2021

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 265,877
Buildings	203,781,991
Improvements other than buildings	2,937,738
Machinery, equipment, and vehicles	25,264,422
Construction in progress	<u>3,100,000</u>
Total governmental activities	<u>235,350,028</u>
Total capital assets	<u>\$ 235,350,028</u>

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
STATE REPORTING INFORMATION  
July 1, 2019 - June 30, 2021

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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.

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/>.

*Indiana Department of Education Reporting:*

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

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

The other information on the IDOE website and on the Indiana Gateway for Government Units presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the period July 1, 2019 through June 30, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-20	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 07-01-2019 to 06-30-21
<u>Department of Agriculture</u>						
Child Nutrition Cluster						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2020, FY2021	\$ 364,636	\$ 40,332	\$ 404,968
National School Lunch Program		10.555	FY2020, FY2021	978,299	196,741	1,175,040
Summer Meal Program		10.559	FY2020, FY2021	187,864	1,092,999	1,280,863
Commodities		10.559	FY2020, FY2021	209,511	235,946	445,457
Total - Child Nutrition Cluster				<u>1,740,310</u>	<u>1,566,018</u>	<u>3,306,328</u>
Total - Department of Agriculture				<u>1,740,310</u>	<u>1,566,018</u>	<u>3,306,328</u>
<u>Department of Education</u>						
Special Education Cluster(IDEA)						
Special Education	Indiana Department of Education					
IDEA Part B		84.027	18611-037-PN01	34,175	-	34,175
IDEA Part B		84.027	19611-037-PN01	468,658	111,632	580,290
IDEA Part B		84.027	20611-157-PN01	746,731	274,926	1,021,657
IDEA Part B		84.027	21611-157-PN01	-	821,733	821,733
Total - Special Education				<u>1,249,564</u>	<u>1,208,291</u>	<u>2,457,855</u>
Special Ed Preschool	Indiana Department of Education					
Special Ed Preschool		84.173	19619-037-PN01	35,123	769	35,892
Special Ed Preschool		84.173	20619-157-PN01	5,639	35,520	41,159
Special Ed Preschool		84.173	21619-157-PN01	-	9,522	9,522
Total - Special Ed Preschool				<u>40,762</u>	<u>45,811</u>	<u>86,573</u>
Total - Special Education Cluster(IDEA)				<u>1,290,326</u>	<u>1,254,102</u>	<u>2,544,428</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I		84.010	S010A180014	194,634	-	194,634
Title I		84.010	S010A190014	411,240	244,075	655,315
Title I		84.010	S010A200014	-	387,412	387,412
Total - Title I Grants to Local Education Agencies				<u>605,874</u>	<u>631,487</u>	<u>1,237,361</u>

(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the period July 1, 2019 through June 30, 2021

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Assistance Listing Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-20	Total Federal Awards Expended 06-30-21	Total Federal Awards Expended 07-01-2019 to 06-30-21
Education for Homeless Children and Youth FY18 McKinney Vento Grant	Indiana Department of Education	84.196	7000S196A170015	\$ 3,990	\$ 33,002	\$ 36,992
Total - Education for Homeless Children and Youth				<u>3,990</u>	<u>33,002</u>	<u>36,992</u>
Title II Part A; Supporting Effective Instruction State Grants	Indiana Department of Education					
Title II Part A FFY18		84.367	S367A180013	58,568	15,161	73,729
Title II Part A FFY 19		84.367	S367A190013	40,388	100,735	141,123
Title II Part A FFY 20		84.367	S367A200013	-	48,589	48,589
Total - Title II Part A: Supporting Effective Instruction				<u>98,956</u>	<u>164,485</u>	<u>263,441</u>
Title IV Part A; Student Support and Academic Enrichment Program	Indiana Department of Education					
Title IV Part A		84.424	S367A190013	-	62,175	62,175
Title IV Part A		84.424	S424A170015	18,281	-	18,281
Title IV Part A		84.424	S424A180015	37,115	1,192	38,307
Title IV Part A		84.424	S424A200015	-	7,470	7,470
Total - Student Support and Academic Enrichment Grants to Local Education Agencies				<u>55,396</u>	<u>70,837</u>	<u>126,233</u>
COVID-19 Education Stabilization Fund	Indiana Department of Education					
Governor's Emergency Education Relief Fund		84.425C	S425C200018	-	284,063	284,063
Elementary and Secondary School Emergency Relief Fund		84.425D	S425D200013	-	323,608	323,608
Total - COVID-19 Education Stabilization Fund				<u>-</u>	<u>607,671</u>	<u>607,671</u>
Total - Department of Education				<u>3,348,858</u>	<u>4,048,688</u>	<u>7,610,352</u>
<b>Department of Health and Human Services</b>						
Medicaid Cluster	Indiana Department of Education	93.778	FY2020, FY2021			
Medical Assistance Program				74,113	127,848	201,961
Total - Department of Health and Human Services				<u>74,113</u>	<u>127,848</u>	<u>201,961</u>
Total federal awards expended				<u>\$ 3,868,965</u>	<u>\$ 4,455,450</u>	<u>\$ 8,324,415</u>

See accompanying notes to the schedule of expenditure of federal awards.

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Period of July 1, 2019 to June 30, 2021

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**NOTE 1 - BASIS OF PRESENTATION**

*A. 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 period of July 1, 2019 to June 30, 2021. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

*B. Other Significant Accounting Policies*

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**NOTE 2 - INDIRECT COST RATE**

The School Corporation has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE 3 - OTHER INFORMATION**

The School Corporation did not have any subrecipient activity for the period July 1, 2019 to June 30, 2021.

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

Those Charged with Governance  
Metropolitan School District of Martinsville  
Morgan County, Indiana

We have audited, in accordance with the 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 Metropolitan School District of Martinsville ("School Corporation"), which comprise the statement of receipts, disbursements, other financing sources (uses), and cash and investment balances of the School Corporation as of June 30, 2021 and for the period July 1, 2019 to June 30, 2021 and the related notes to the financial statement, which collectively comprise the School Corporation's financial statement, and have issued our report thereon dated February 3, 2023.

### **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) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2021-001 and 2021-002 that we consider to be material weaknesses.

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(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 financial statement. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

## **Management's Responses to Findings**

The School Corporation's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. The School Corporation's responses were not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on them.

## **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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Crowe LLP*  
Crowe LLP

Indianapolis, Indiana  
February 3, 2023

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

Those Charged with Governance  
Metropolitan School District of Martinsville  
Morgan County, Indiana

**Report on Compliance for Each Major Federal Program**

We have audited Metropolitan School District of Martinsville (the School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on the School Corporation's major federal program for the period July 1, 2019 to June 30, 2021. The School Corporation's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period July 1, 2019 to June 30, 2021.

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(Continued)

## 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 an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified a certain deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-003, that we consider to be a significant deficiency.

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

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

  
Crowe LLP

Indianapolis, Indiana  
February 3, 2023

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 July 1, 2019 to June 30, 2021

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

***Financial Statement***

Type of auditor’s report issued	Adverse as to GAAP, Unmodified as to regulatory basis		
Internal control over financial reporting			
Material weakness(es) identified?	<u>  X  </u>	Yes	_____ No
Significant deficiencies identified not considered to be material weaknesses?	_____	Yes	<u>  X  </u> None Reported
Noncompliance material to financial statement noted?	_____	Yes	<u>  X  </u> No

***Federal Awards***

Internal control over major programs			
Material weakness(es) identified?	_____	Yes	<u>  X  </u> No
Significant deficiencies identified not considered to be material weaknesses?	<u>  X  </u>	Yes	_____ None Reported
Type of auditor’s report issued on compliance for major programs	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2CFR 200.516(a)?	<u>  X  </u>	Yes	_____ No

Identification of major programs

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555, 10.559	Child Nutrition Cluster
84.010	Title I Grants to Local Educational Agencies
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs	<u>\$ 750,000</u>
Auditee qualified as low-risk auditee?	_____ Yes <u>  X  </u> No

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
July 1, 2019 to June 30, 2021

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**Section II – Financial Statement Findings**

**FINDING 2021-001**

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

**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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes:  
. . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards.* The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

(1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within a cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
July 1, 2019 to June 30, 2021

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**Section II – Financial Statement Findings** (Continued)

(2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity must be included.

(3) Provide total Federal awards expended for each individual Federal program and the assistance listing number (ALN) or other identifying number when the ALN information is not available. For a cluster of programs also provide the total for the cluster.

(4) Include the total amount provided to subrecipients from each Federal program.

(5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.

(6) Include notes that describe that significant accounting policies used in preparing the schedule and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in §200.414 Indirect (F&A) costs."

**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).

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

**Context:** The federal grant information entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the SEFA. The SEFA was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors that resulted in the gross overstatement on the SEFA of \$1,447,320, the gross understatement of \$91,239, and the net overstatement of the total federal awards expended on the SEFA by \$1,356,081 for the period July 1, 2019, through June 30, 2021:

1. The SEFA improperly included \$1,287,335 worth of state grant funds
2. The Child Nutrition Cluster (10.553, 10.555, 10.559) funds were overstated by \$159,985
3. The Medicaid Cluster (93.778) funds were understated by \$91,239

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA to correct the issues noted above.

**Effect:** Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA remained undetected. The SEFA contained the errors identified in the Context section.

**Identification as a repeat finding, if applicable:** No.

**Recommendation:** We recommended that the School Corporation's management establish a formal review over the SEFA to ensure amounts reported are accurate. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the SEFA agree to the supporting federal receipt fund ledger detail.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and has prepared a corrective action plan.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
July 1, 2019 to June 30, 2021

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**Section II – Financial Statement Findings** (Continued)

**FINDING 2021-002**

Subject: Preparation of the Annual Financial Report  
Audit Findings: Material Weakness

**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. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduce here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part:

"The auditee must: . . .

(b) Prepare appropriate financial statements, ..."

**Condition:** The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Annual Financial Report (AFR).

**Cause:** Management had not established a system of internal control that would have ensured proper reporting of the AFR. For fiscal year 2021, it was the first year the AFR was required to be prepared by the School Corporation from their own records.

**Context:** The AFR entered and submitted in the Indiana Gateway for Government Units financial reporting system was the source of the Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and investment Balances – Regulatory Basis (the financial statement). The AFR was reviewed prior to submission. However, it was not reviewed in enough detail to prevent the following errors in the financial statement:

- 1) For the period of July 1, 2020 to June 30, 2021, the School Corporation improperly excluded the ESSER II fund which understated receipt and disbursement amounts by \$98 and \$1,780,451 receptively. The ending cash as of June 30, 2021 in the ESSER II fund was a negative balance of \$1,780,353.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
July 1, 2019 to June 30, 2021

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**Section II – Financial Statement Findings** (Continued)

- 2) For the period of July 1, 2020 to June 30, 2021, the School Corporation improperly excluded the 8000 and 9000 payroll withholding funds which understated receipt and disbursement amounts by \$15,420,387 and \$15,772,369 respectively. Ending cash as of June 30, 2021 in the clearing funds was a balance of \$171,870.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement to correct the issues noted above.

**Effect:** Without a proper system of internal control in place that operated effectively, material misstatements of the financial statement remained undetected. The financial statement contained the errors identified in the Context section.

**Identification as a repeat finding, if applicable:** No.

**Recommendation:** We recommended that the School Corporation's management establish a formal review over the AFR financial statement submission to ensure amounts reported are accurate and agree to underlying fund ledgers. The School Corporation should establish a documented, secondary review to ensure the amounts reported on the financial statement agree to the supporting fund ledger detail.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and has prepared a corrective action plan.

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(Continued)

METROPOLITAN SCHOOL DISTRICT OF MARTINSVILLE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
July 1, 2019 to June 30, 2021

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

**FINDING 2021-003**

**Information on the federal program:**

Subject: Child Nutrition Cluster - Internal Controls  
Federal Agency: Department of Agriculture  
Federal Program: School Breakfast Program, National School Lunch Program  
Assistance Listing Number: 10.553, 10.555, 10.559  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Eligibility  
Audit Finding: Significant Deficiency

**Criteria:** 2 CFR section 200.303 states in part:

"The non-Federal entity must:

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

**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 Eligibility compliance requirements.

**Cause:** The School Corporation's management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

**Context:** During sample testing of 40 students for eligibility, we noted 14 instances where there was no documented review by someone other than the individual making the eligibility determination. The lack of review was isolated to paper applications. The School Corporation did formally review the eligibility income thresholds used by the software company annually.

**Identification as a repeat finding, if applicable:** This is a repeat finding from the immediately prior audit. The prior finding number was 2019-001.

**Recommendation:** We recommended that the School Corporation's management establish a formal review over a sample of applicants entered in to the software to ensure the accuracy and completeness of the information entered.

**Views of Responsible Officials and Planned Corrective Actions:** For the views of the responsible officials, refer to the Corrective Action Plan that is part of this report

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# *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*

*Jacque Deckard, President  
Matt Hankins, Vice President  
Heather Staggs, Secretary  
Dan Conway  
Luke Jackson*

## *Superintendent*

*Eric Bowlen  
Assistant to the Superintendent  
Suzie Lipps  
Treasurer  
Whitney Kuszmaul*

## CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2021

**Finding 2021-001** – Preparation of the Schedule of Expenditures of Federal Awards

Contact Person Responsible for Corrective Action: Whitney Kuszmaul, District Treasurer

Contact Phone Number: 765-342-6641 ext. 1003

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The District Treasurer completes the SEFA and the School District Superintendent signs off on the report before submission. For context #1, the state grants or those without CFDA numbers have already been removed from future submissions of the Schedule of Expenditures of Federal Awards and those that have yet to be audited. For context #2, the District Treasurer will run revenue reports for the Child Nutrition Cluster from Skyward based on federal revenue received for the fiscal year. The Food Service Department will verify revenue and compare it to their reports as well. The Food Service Director, the Food Service Specialist and the District Treasurer sign off on this report. In regards to Medicaid, context #3, the District Treasurer has kept a spreadsheet breaking down federal and state Medicaid revenue since calendar year 2021. This spreadsheet shows all Medicaid revenue with the percentages for the State Medicaid listed as well as what has been classified as federal revenue. With the Superintendent position now filled with a more permanent person, the review of the SEFA will be more thorough and complete.

Anticipated Completion Date: February 2023

**Finding 2021-002** – Preparation of the Annual Financial Report

Contact Person Responsible for Corrective Action: Whitney Kuszmaul, District Treasurer

Contact Phone Number: 765-342-6641 ext. 1003

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: The District Treasurer completes the Annual Financial Report (AFR) and the School District Superintendent signs off on the report before submission. The District Treasurer will more thoroughly compare all lines of the AFR to the Skyward Fund Cash Report to verify that all funds are properly listed before submission to the Superintendent. This fund cash report as well as the AFR will then be provided to the Superintendent for second verification and sign off. In addition, the District Treasurer and Superintendent will verify that the 8000 and 9000 payroll withholding funds are included on the Annual Financial Report going forward. Again, with the Superintendent position now filled with a more permanent person, the review of the Annual Financial Report will be more thorough and complete.

Anticipated Completion Date: February 2023

**Finding 2021-003** – Child Nutrition Cluster – Eligibility

Contact Person Responsible for Corrective Action: Kurt Bodell, Food Service Director

Contact Phone Number: 765-342-6641

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan: As a formal eligibility review of our paper application process, the Food Service Director will complete a Formal Internal Control Form on every 20th application that is processed using our determination software. This process will be conducted independently of the initial determination and completely manually using the current USDA income eligibility table. If a discrepancy is found between the first and second reviews, a corrective action plan will be noted at the bottom of the completed form. In addition, the MSD of Martinsville will maintain the forms with the paper applications and a list of all applications reviewed will be kept. A copy of this form can be requested by contacting Food Services.

Anticipated Completion Date: February 2023

# *Metropolitan School District of Martinsville*

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*Eric Bowlen  
Assistant to the Superintendent  
Suzie Lipps  
Treasurer  
Whitney Kuszmaul*

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2019-001**

Subject: Child Nutrition Cluster - Internal Controls - Eligibility  
Audit Finding: Material Weakness

A system of internal controls was not properly designed and implemented at the School Corporation for the Eligibility compliance requirement. The School Corporation had not designed or implemented adequate policies and procedures to ensure that the determination of eligibility for free or reduced priced meals was proper. One employee entered the paper application information into the cafeteria software without a system of oversight, review, or approval process to determine the accuracy of eligibility determinations made.

Status: Not resolved, see finding 2021-003.

### **FINDING 2019-002**

Subject: Special Education Cluster – Suspension and Debarment  
Audit Finding: Material Weakness

An effective internal control system, which would include segregation of duties, was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

The School Corporation did not have procedures in place to verify vendors were not suspended or debarred prior to entering into covered transactions with the vendors.

Status: Resolved. Controls were implemented to ensure vendors are not suspended or debarred.

**FINDING 2019-003**

Subject: Special Education Cluster – Level of Effort – Maintenance of Effort  
Audit Finding: Material Weakness

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Matching, Level of Effort, Earmarking compliance requirement. One employee prepared the Maintenance of Effort calculation, using the School Corporation financial data from fiscal year 2017-2018, as a part of the FY2019 grant application without a system of oversight, review, or approval process. The lack of controls was isolated to 2017-2018.

Status: Resolved. Controls were implemented to ensure the MOE calculation was reviewed.

**FINDING 2019-004**

Subject: Title I Grants to Local Educational Agencies – Special Tests and Provisions – Assessment System Security  
Audit Finding: Material Weakness

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Special Tests and Provisions - Assessment System Security compliance requirement. The School Corporation did not have a process in place to ensure that all individuals involved in the testing process received the proper training and signed the required Indiana Testing Security and Integrity Agreement. The agreements for the high school were not retained for audit for fiscal year 2018-2019. The lack of controls and noncompliance were isolated to the high school for 2018-2019.

Status: Resolved. Controls were implemented to ensure the agreements were retained for the high school.