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April 14, 2023

To: The Officials of the Mitchell Community Schools  
Mitchell Community Schools  
441 N. 8<sup>th</sup> Street  
Mitchell, IN 47446

As authorized under Indiana Code 5-11-1, we engaged private examiners under our review to perform the audit of Mitchell Community Schools. 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 present 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 finding included in the report on pages 32 and 33. Please see the Schedule of Findings and Questioned Costs for complete details related to the finding. Management's Corrective Action Plan appears on pages 34 and 35.

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 Mitchell Community Schools 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.

A handwritten signature in black ink that reads "Tammy R. White".

Tammy R. White, CPA  
Deputy State Examiner

**MITCHELL COMMUNITY SCHOOLS**  
Lawrence County, Indiana

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

MITCHELL COMMUNITY SCHOOLS  
Lawrence 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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MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF OFFICIALS (Unaudited)  
For the period of July 1, 2019 to June 30, 2021

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<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Malinda Powell	07-01-19 to 06-30-21
Superintendent of Schools	Dr. Brent Comer	07-01-19 to 06-30-21
President of the School Board	Christopher Shaw	01-01-19 to 12-31-22

## INDEPENDENT AUDITOR'S REPORT

Those Charged with Governance  
Mitchell Community Schools  
Lawrence 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 Mitchell Community Schools (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 March 29, 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  
March 29, 2023

MITCHELL COMMUNITY SCHOOLS  
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	\$ 3,586,039	\$ 10,827,160	\$ 9,316,348	\$ (1,730,370)	\$ 3,366,481	\$ 10,927,669	\$ 9,709,278	\$ (1,605,250)	\$ 2,979,622
Debt Service	1,437,313	2,551,038	2,493,500	-	1,494,851	2,930,775	1,346,500	(14,610)	3,064,516
Operations	2,201,401	2,829,750	4,333,658	1,134,014	1,831,507	3,489,287	3,808,029	1,005,250	2,518,015
Local Rainy Day	4,065,234	-	374,348	600,000	4,290,886	15,400	467,936	410,959	4,249,309
Construction	-	-	-	-	-	-	-	9,000,000	9,000,000
School Lunch	166,124	541,596	670,928	-	36,792	408,426	397,965	-	47,253
Curricular Materials Rental	(53,057)	268,708	209,897	-	5,754	144,720	190,790	203,651	163,335
United Way Grant	-	-	-	-	-	10,000	-	-	10,000
Gm Grant/Cosmos Digital Fab Lab	-	-	-	-	-	10,000	6,782	-	3,218
Emergency Relief Grant	-	-	-	-	-	25,500	25,500	-	-
Educational License Plates	1,239	112	-	-	1,351	94	-	-	1,445
School Library Material	8,303	-	-	-	8,303	-	-	-	8,303
School Library Printed Material	(3,895)	-	-	-	(3,895)	-	(3,895)	-	-
Formative Assessment	-	19,076	7,713	-	11,363	15,692	27,055	-	-
Teacher Quality Improvement Program	-	-	-	-	-	-	2,162	-	(2,162)
Secured Schools Safety Grant	-	-	-	-	-	31,838	13,743	-	18,095
Cohort 3 Stem Accleration Grant	-	-	-	-	-	-	36,570	-	(36,570)
Stem Cohort 5 Grant	-	-	-	-	-	30,850	30,850	-	-
Early Intervention Grant	-	-	-	-	-	4,024	4,024	-	-
School Technology	1,620	-	1,620	-	-	-	-	-	-
Career And Technical Performance Grant	6,144	-	-	-	6,144	-	-	-	6,144
Teacher Appreciation Grant	-	55,222	55,222	-	-	55,400	55,400	-	-
High Ability Students	3,657	32,207	37,211	-	(1,347)	26,100	26,052	-	(1,299)
ROI Grant	(97,918)	3	-	97,915	-	-	-	-	-
PDK Cape Grant - Hatfield	1,178	(1)	-	(1,177)	-	-	-	-	-
Excess Cagit	3,599	-	-	(3,599)	-	-	-	-	-
ROI Grant	-	113,861	15,946	(97,915)	-	-	-	-	-
PDK Cape Grant - Hatfield	-	-	1,177	1,177	-	-	-	-	-
Chromebook/lpad Insurance	32,582	15,237	4,745	-	43,074	14,530	25,731	-	31,873
Roi Grant	-	169,779	221,444	-	(51,665)	166,498	184,441	-	(69,608)
Title I 17-18	(41,098)	132,860	91,762	-	-	-	-	-	-
Title I	-	163,119	238,893	-	(75,774)	145,902	70,128	-	-
Title I 20-21	-	-	-	-	-	165,921	206,794	-	(40,873)
Title I School Improvmt Grant	(18,800)	18,800	-	-	-	-	-	-	-
Sig Grant	-	-	-	-	-	72,147	104,590	-	(32,443)
Idea Special Education Grant	-	-	-	-	-	191,433	294,520	-	(103,087)
Preschool Handicap	-	-	-	-	-	18,600	52,662	-	(34,062)
Title IV Grant	-	-	16,200	-	(16,200)	-	-	-	(16,200)
Student Support Title Iv	-	-	-	-	-	18,734	23,538	-	(4,804)
Title IV Grant	(10,713)	10,713	-	-	-	-	-	-	-

(Continued)

MITCHELL COMMUNITY SCHOOLS  
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
Removal Of Barriers To Handicapped	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 25,896	\$ 9,696	\$ -	\$ 16,200
Title Ii Part A Supporting Effective I	(22,497)	67,338	91,875	-	(47,034)	68,434	21,431	-	(31)
ESSER II	-	-	-	-	-	-	80,791	-	(80,791)
Governor's Emergency Education Relief (GEER)	-	-	-	-	-	113,017	165,393	-	(52,376)
ESSER I	-	-	-	-	-	63,229	63,229	-	-
Other Federal Stimulus	-	-	-	-	-	414,789	414,789	-	-
7960 Pilot Program Implementation	-	-	-	-	-	3,835	3,835	-	-
7961 Pilot Program Implementation	-	-	-	-	-	16,081	18,868	-	(2,787)
Prepaid School Lunch Accounts	4,521	3,650	-	-	8,171	35,406	37,123	-	6,454
Federal Withholding Tax	-	706,388	706,388	-	-	688,917	688,917	-	-
Social Security	-	651,068	651,068	-	-	663,800	663,800	-	-
State Tax	-	311,698	311,698	-	-	314,862	314,862	-	-
Cagit	-	162,802	162,802	-	-	165,581	165,581	-	-
State Teacher Retirement	-	7,276	7,276	-	-	7,610	7,610	-	-
Perf	-	13,942	13,942	-	-	13,360	13,360	-	-
Group Insurance	76,741	635,972	621,726	-	90,987	649,756	696,302	-	44,441
Annuities	-	174,908	174,908	-	-	204,614	204,614	-	-
Other Clearing	-	18,582	18,282	-	300	10,759	11,059	-	-
Totals	<u>\$ 11,347,717</u>	<u>\$ 20,502,864</u>	<u>\$ 20,850,577</u>	<u>\$ 45</u>	<u>\$ 11,000,049</u>	<u>\$ 22,379,486</u>	<u>\$ 20,688,405</u>	<u>\$ 9,000,000</u>	<u>\$ 21,691,130</u>

See notes to financial statement.

MITCHELL COMMUNITY SCHOOLS  
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.

*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.

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(Continued)

MITCHELL COMMUNITY SCHOOLS  
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)

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.

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.

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(Continued)

**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.

**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.

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(Continued)

#### **NOTE 6 - CASH BALANCE DEFICITS**

The financial statements 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 Mitchell High 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 \$2,493,500. Lease payments for the period July 1, 2020 to June 30, 2021 totaled \$1,346,500.

#### **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.

###### *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.

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(Continued)

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

**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.

*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

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(Continued)

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

*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 - OTHER POSTEMPLOYMENT BENEFITS**

The School Corporation provides the following benefits to eight eligible retirees and spouses: eligibility to remain on group health, vision, and dental plans until the retiree reaches the age of eligibility for Medicare. The retirees receive a contribution from the School Corporation (single plan amount only) towards health insurance that was in effect at the time of retirement. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding these benefits can be obtained by contacting the School Corporation.

**SUPPLEMENTARY INFORMATION**

MITCHELL COMMUNITY SCHOOLS  
 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	School Lunch	Curricular Materials Rental	Educational License Plates	School Library Material	School Library Printed Material	Formative Assessment	School Technology	Career And Technical Performance Grant
Cash and investments - beginning	\$ 3,586,039	\$ 1,437,313	\$ 2,201,401	\$ 4,065,234	\$ 166,124	\$ (53,057)	\$ 1,239	\$ 8,303	\$ (3,895)	\$ -	\$ 1,620	\$ 6,144
Receipts:												
Local sources	142,407	2,551,038	2,768,095	-	140,653	264,722	112	-	-	-	-	-
Intermediate sources	130	-	-	-	-	-	-	-	-	-	-	-
State sources	10,674,676	-	15,217	-	-	-	-	-	-	19,076	-	-
Federal sources	-	-	-	-	400,643	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	9,947	-	46,438	-	300	3,986	-	-	-	-	-	-
Total receipts	10,827,160	2,551,038	2,829,750	-	541,596	268,708	112	-	-	19,076	-	-
Disbursements:												
Instruction	7,778,940	-	-	-	-	-	-	-	-	-	-	-
Support services	1,537,408	-	3,703,180	118,348	511	204,540	-	-	-	7,713	1,620	-
Noninstructional services	-	-	-	-	619,862	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	628,716	256,000	50,555	-	-	-	-	-	-	-
Debt services	-	2,493,500	1,762	-	-	5,357	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,316,348	2,493,500	4,333,658	374,348	670,928	209,897	-	-	-	7,713	1,620	-
Excess (deficiency) of receipts over disbursements	1,510,812	57,538	(1,503,908)	(374,348)	(129,332)	58,811	112	-	-	11,363	(1,620)	-
Other financing sources (uses):												
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	45	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	1,734,014	600,000	-	-	-	-	-	-	-	-
Transfers out	(1,730,415)	-	(600,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,730,370)	-	1,134,014	600,000	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(219,558)	57,538	(369,894)	225,652	(129,332)	58,811	112	-	-	11,363	(1,620)	-
Cash and investments - ending	\$ 3,366,481	\$ 1,494,851	\$ 1,831,507	\$ 4,290,886	\$ 36,792	\$ 5,754	\$ 1,351	\$ 8,303	\$ (3,895)	\$ 11,363	\$ -	\$ 6,144

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Teacher Appreciation Grant	High Ability Students	ROI Grant	PDK Cape Grant - Hatfield	Excess Cagit	ROI Grant	PDK Cape Grant - Hatfield	Chromebook/lpa d Insurance	Roi Grant	Title I 17-18	Title I	Title I School Improvmt Grant	Title IV Grant
Cash and investments - beginning	\$ -	\$ 3,657	\$ (97,918)	\$ 1,178	\$ 3,599	\$ -	\$ -	\$ 32,582	\$ -	\$ (41,098)	\$ -	\$ (18,800)	\$ -
Receipts:													
Local sources	-	-	-	-	-	-	-	15,237	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	-
State sources	55,222	32,207	3	(1)	-	113,861	-	-	169,779	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	132,860	163,119	18,800	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-	-	-
Total receipts	55,222	32,207	3	(1)	-	113,861	-	15,237	169,779	132,860	163,119	18,800	-
Disbursements:													
Instruction	55,222	33,927	-	-	-	-	-	4,700	-	91,762	238,893	-	-
Support services	-	3,284	-	-	-	17,297	1,177	45	202,865	-	-	-	16,200
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	(1,351)	-	-	18,579	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	55,222	37,211	-	-	-	15,946	1,177	4,745	221,444	91,762	238,893	-	16,200
Excess (deficiency) of receipts over disbursements	-	(5,004)	3	(1)	-	97,915	(1,177)	10,492	(51,665)	41,098	(75,774)	18,800	(16,200)
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	97,915	-	-	-	4,823	-	-	-	-	-	-
Transfers out	-	-	-	(1,177)	(3,599)	(97,915)	(3,646)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	97,915	(1,177)	(3,599)	(97,915)	1,177	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,004)	97,918	(1,178)	(3,599)	-	-	10,492	(51,665)	41,098	(75,774)	18,800	(16,200)
Cash and investments - ending	\$ -	\$ (1,347)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,074	\$ (51,665)	\$ -	\$ (75,774)	\$ -	\$ (16,200)

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2019 through June 30, 2020

	Title IV Grant	Title li Part A Supporting Effective I	Prepaid School Lunch	Federal Withholding Tax	Social Security	State Tax	Cagit	State Teacher Retirement	Perf	Group Insurance	Annuities	Other Clearing	Totals
Cash and investments - beginning	\$ (10,713)	\$ (22,497)	\$ 4,521	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 76,741	\$ -	\$ -	\$ 11,347,717
Receipts:													
Local sources	-	-	-	-	-	-	-	-	-	-	-	-	5,882,264
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-	-	130
State sources	-	-	-	-	-	-	-	-	-	-	-	-	11,080,040
Federal sources	10,713	67,338	-	-	-	-	-	-	-	-	-	-	793,473
Temporary loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	3,650	706,388	651,068	311,698	162,802	7,276	13,942	635,972	174,908	18,582	2,746,957
Total receipts	10,713	67,338	3,650	706,388	651,068	311,698	162,802	7,276	13,942	635,972	174,908	18,582	20,502,864
Disbursements:													
Instruction	-	91,875	-	-	-	-	-	-	-	-	-	-	8,295,319
Support services	-	-	-	-	-	-	-	-	-	-	-	-	5,814,188
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-	-	619,862
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-	-	952,499
Debt services	-	-	-	-	-	-	-	-	-	-	-	-	2,500,619
Nonprogrammed charges	-	-	-	706,388	651,068	311,698	162,802	7,276	13,942	621,726	174,908	18,282	2,668,090
Interfund loans	-	-	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	91,875	-	706,388	651,068	311,698	162,802	7,276	13,942	621,726	174,908	18,282	20,850,577
Excess (deficiency) of receipts over disbursements	10,713	(24,537)	3,650	-	-	-	-	-	-	14,246	-	300	(347,713)
Other financing sources (uses):													
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-	-	45
Transfers in	-	-	-	-	-	-	-	-	-	-	-	-	2,436,752
Transfers out	-	-	-	-	-	-	-	-	-	-	-	-	(2,436,752)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-	-	-	45
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,713	(24,537)	3,650	-	-	-	-	-	-	14,246	-	300	(347,668)
Cash and investments - ending	\$ -	\$ (47,034)	\$ 8,171	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,987	\$ -	\$ 300	\$ 11,000,049

MITCHELL COMMUNITY SCHOOLS  
 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	Construction	School Lunch	Curricular Materials Rental	United Way Grant	Gm Grant/Cosmos Digital Fab Lab	Emergency Relief Grant	Educational License Plates
Cash and investments - beginning	\$ 3,366,481	\$ 1,494,851	\$ 1,831,507	\$ 4,290,886	\$ -	\$ 36,792	\$ 5,754	\$ -	\$ -	\$ -	\$ 1,351
Receipts:											
Local sources	236,049	2,930,775	3,441,350	-	-	37,123	142,388	-	10,000	-	94
Intermediate sources	122	-	-	-	-	-	-	-	-	-	-
State sources	10,682,806	-	-	-	-	-	-	10,000	-	-	-
Federal sources	-	-	-	-	-	370,111	-	-	-	25,500	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	8,692	-	47,937	15,400	-	1,192	2,332	-	-	-	-
Total receipts	10,927,669	2,930,775	3,489,287	15,400	-	408,426	144,720	10,000	10,000	25,500	94
Disbursements:											
Instruction	7,874,357	-	-	-	-	-	-	-	-	25,500	-
Support services	1,834,921	-	3,360,221	249,625	-	408	186,863	-	-	-	-
Noninstructional services	-	-	-	-	-	397,557	-	-	-	-	-
Facilities acquisition and construction	-	-	446,080	218,311	-	-	-	-	6,782	-	-
Debt services	-	1,346,500	1,728	-	-	-	3,927	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	9,709,278	1,346,500	3,808,029	467,936	-	397,965	190,790	-	6,782	25,500	-
Excess (deficiency) of receipts over disbursements	1,218,391	1,584,275	(318,742)	(452,536)	-	10,461	(46,070)	10,000	3,218	-	94
Other financing sources (uses)											
Proceeds of long-term debt	-	-	-	-	9,000,000	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	6,340,762	600,000	-	-	203,651	-	-	-	-
Transfers out	(1,605,250)	(14,610)	(5,335,512)	(189,041)	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,605,250)	(14,610)	1,005,250	410,959	9,000,000	-	203,651	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(386,859)	1,569,665	686,508	(41,577)	9,000,000	10,461	157,581	10,000	3,218	-	94
Cash and investments - ending	\$ 2,979,622	\$ 3,064,516	\$ 2,518,015	\$ 4,249,309	\$ 9,000,000	\$ 47,253	\$ 163,335	\$ 10,000	\$ 3,218	\$ -	\$ 1,445

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	School Library Material	School Library Printed Material	Formative Assessment	Teacher Quality Improvement Program	Secured Schools Safety Grant	Cohort 3 Stem Accleration Grant	Stem Cohort 5 Grant	Early Intervention Grant	Career And Technical Performance Grant	Teacher Appreciation Grant	High Ability Students
Cash and investments - beginning	\$ 8,303	\$ (3,895)	\$ 11,363	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,144	\$ -	\$ (1,347)
Receipts:											
Local sources	-	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	15,692	-	31,838	-	30,850	4,024	-	55,400	26,100
Federal sources	-	-	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	15,692	-	31,838	-	30,850	4,024	-	55,400	26,100
Disbursements:											
Instruction	-	(3,895)	-	2,162	-	36,570	10,000	-	-	55,400	26,052
Support services	-	-	27,055	-	13,743	-	20,850	4,024	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	(3,895)	27,055	2,162	13,743	36,570	30,850	4,024	-	55,400	26,052
Excess (deficiency) of receipts over disbursements	-	3,895	(11,363)	(2,162)	18,095	(36,570)	-	-	-	-	48
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	-	3,895	(11,363)	(2,162)	18,095	(36,570)	-	-	-	-	48
Cash and investments - ending	\$ 8,303	\$ -	\$ -	\$ (2,162)	\$ 18,095	\$ (36,570)	\$ -	\$ -	\$ 6,144	\$ -	\$ (1,299)

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	PDK Cape Grant - Hatfield	Chromebook/Ipa d Insurance	Roi Grant	Title I	Title I 20-21	Sig Grant	Idea Special Education Grant	Preschool Handicap	Title IV Grant	Student Support Title Iv	Removal Of Barriers To Handicapped
Cash and investments - beginning	\$ -	\$ 43,074	\$ (51,665)	\$ (75,774)	\$ -	\$ -	\$ -	\$ -	\$ (16,200)	\$ -	\$ -
Receipts:											
Local sources	-	14,530	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-	-
State sources	-	-	166,498	-	-	-	-	-	-	-	-
Federal sources	-	-	-	145,902	165,921	72,147	191,433	18,600	-	18,734	25,896
Temporary loans	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-	-
Total receipts	-	14,530	166,498	145,902	165,921	72,147	191,433	18,600	-	18,734	25,896
Disbursements:											
Instruction	-	25,731	-	70,128	206,794	104,590	294,520	52,662	-	23,538	-
Support services	-	-	155,691	-	-	-	-	-	-	-	9,696
Noninstructional services	-	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	28,750	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	25,731	184,441	70,128	206,794	104,590	294,520	52,662	-	23,538	9,696
Excess (deficiency) of receipts over disbursements	-	(11,201)	(17,943)	75,774	(40,873)	(32,443)	(103,087)	(34,062)	-	(4,804)	16,200
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	-	(11,201)	(17,943)	75,774	(40,873)	(32,443)	(103,087)	(34,062)	-	(4,804)	16,200
Cash and investments - ending	\$ -	\$ 31,873	\$ (69,608)	\$ -	\$ (40,873)	\$ (32,443)	\$ (103,087)	\$ (34,062)	\$ (16,200)	\$ (4,804)	\$ 16,200

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Title II Part A Supporting Effective I	ESSER II	Governor's Emergency Education Relief (GEER)	ESSER I	Other Federal Stimulus	7960 Pilot Program Implementation	7961 Pilot Program Implementation	Prepaid School Lunch Accounts	Prepaid Lunch Accounts	Federal Withholding Tax
Cash and investments - beginning	\$ (47,034)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,171	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	35,406	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	68,434	-	113,017	63,229	414,789	3,835	16,081	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	688,917
Total receipts	68,434	-	113,017	63,229	414,789	3,835	16,081	35,406	-	688,917
Disbursements:										
Instruction	21,431	15,260	-	-	-	-	-	-	-	-
Support services	-	5,761	165,393	-	372,592	3,835	18,868	37,123	-	-
Noninstructional services	-	-	-	-	42,197	-	-	-	-	-
Facilities acquisition and construction	-	59,770	-	63,229	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	688,917
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	21,431	80,791	165,393	63,229	414,789	3,835	18,868	37,123	-	688,917
Excess (deficiency) of receipts over disbursements	47,003	(80,791)	(52,376)	-	-	-	(2,787)	(1,717)	-	-
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	47,003	(80,791)	(52,376)	-	-	-	(2,787)	(1,717)	-	-
Cash and investments - ending	\$ (31)	\$ (80,791)	\$ (52,376)	\$ -	\$ -	\$ -	\$ (2,787)	\$ 6,454	\$ -	\$ -

(Continued)

MITCHELL COMMUNITY SCHOOLS  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES  
 (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS  
 July 1, 2020 through June 30, 2021

	Social Security	State Tax	Cagit	State Teacher Retirement	Perf	Group Insurance	Annuities	Other Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,987	\$ -	\$ 300	\$ 11,000,049
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,847,715
Intermediate sources	-	-	-	-	-	-	-	-	122
State sources	-	-	-	-	-	-	-	-	11,023,208
Federal sources	-	-	-	-	-	-	-	-	1,713,629
Temporary loans	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	663,800	314,862	165,581	7,610	13,360	649,756	204,614	10,759	2,794,812
Total receipts	663,800	314,862	165,581	7,610	13,360	649,756	204,614	10,759	22,379,486
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	8,840,800
Support services	-	-	-	-	-	-	-	-	6,466,669
Noninstructional services	-	-	-	-	-	-	-	-	439,754
Facilities acquisition and construction	-	-	-	-	-	-	-	-	822,922
Debt services	-	-	-	-	-	-	-	-	1,352,155
Nonprogrammed charges	663,800	314,862	165,581	7,610	13,360	696,302	204,614	11,059	2,766,105
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	663,800	314,862	165,581	7,610	13,360	696,302	204,614	11,059	20,688,405
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(46,546)	-	(300)	1,691,081
Other financing sources (uses)									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	9,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	7,144,413
Transfers out	-	-	-	-	-	-	-	-	(7,144,413)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	9,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(46,546)	-	(300)	10,691,081
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,441	\$ -	\$ -	\$ 21,691,130

MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2021

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<u>Government or Enterprise</u>	Accounts <u>Payable</u>	Accounts <u>Receivable</u>
Governmental activities	\$ 602,359	\$ -

MITCHELL COMMUNITY SCHOOLS  
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:				
Mitchell High School Building Corporation	Refinanced 2005A	\$ 1,323,000	7/15/2013	7/15/2027
Mitchell High School Building Corporation	Refinanced 2005B	1,370,000	6/30/2015	12/31/2023
Mitchell High School Building Corporation	Ad Valorem Property Tax First Mortgage Bonds, Series 2021	<u>2,200,000</u>	7/15/2023	1/15/2034
Total governmental activities		<u>4,893,000</u>		
Total of annual lease payments		<u>\$ 4,893,000</u>		

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MITCHELL COMMUNITY SCHOOLS  
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	\$ 2,451,254
Buildings	37,701,839
Improvements other than buildings	3,082,302
Machinery, equipment, and vehicles	<u>4,086,804</u>
Total governmental activities	<u>47,322,199</u>
Total capital assets	<u>\$ 47,322,199</u>

MITCHELL COMMUNITY SCHOOLS  
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.

MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the period of July 1, 2019 to 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
<u>Department of Agriculture</u>						
Child Nutrition Cluster	Indiana Department of Education					
School Breakfast Program		10.553	FY2020, FY2021	\$ 80,280	\$ -	\$ 80,280
National School Lunch Program		10.555	FY2020, FY2022	315,857	365,731	681,588
Commodities		10.555	FY2020, FY2021	51,607	59,960	111,567
Total - Child Nutrition Cluster				<u>447,744</u>	<u>425,691</u>	<u>873,435</u>
Total - Department of Agriculture				<u>447,744</u>	<u>425,691</u>	<u>873,435</u>
<u>Department of the Treasury</u>						
Coronavirus Relief Fund	Lawrence County	21.019	FY2021	-	63,229	63,229
Total - Department of the Treasury				<u>-</u>	<u>63,229</u>	<u>63,229</u>
<u>Department of Education</u>						
Special Education Cluster (IDEA)						
Special Education Grants to States	Indiana Department of Education					
IDEA-Part B		84.027	18611-047-PN01	72,897	-	72,897
IDEA-Part B		84.027	19611-047-PN01	263,070	35,381	298,451
IDEA-Part B		84.027	20611-045-PN01	217,187	170,026	387,213
IDEA-Part B		84.027	21611-161-PN01	-	191,433	191,433
Total - Special Education Grants to States				<u>553,154</u>	<u>396,840</u>	<u>949,994</u>
Special Education - Preschool Grants	Indiana Department of Education					
IDEA-Preschool		84.173	18619-047-PN01	1,426	-	1,426
IDEA-Preschool		84.173	19619-047-PN01	10,279	1,218	11,497
IDEA-Preschool		84.173	20619-045-PN01	7,822	10,793	18,615
IDEA-Preschool		84.173	21619-161-PN01	-	18,600	18,600
Total - Special Education - Preschool				<u>19,527</u>	<u>30,611</u>	<u>50,138</u>
Total - Special Education Cluster (IDEA)				<u>572,681</u>	<u>427,451</u>	<u>1,000,132</u>
Title I Grants to Local Educational Agencies	Indiana Department of Education					
Title I, Part A		84.010	S010A180014	159,318	54,786	214,104
Title I, Part A		84.010	S010A190014	155,438	182,621	338,059
Title I, Part A		84.010	S010A200014	-	146,563	146,563
Total - Title I Grants to Local Educational Agencies				<u>314,756</u>	<u>383,970</u>	<u>698,726</u>

(Continued)

MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the period of July 1, 2019 to 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
Career and Technical Education Basic Grants to States Perkins Pilot Program Implementation Grant	Indiana Governor's Workforce Cabinet	84.048	V048A190014	\$ -	\$ 19,916	\$ 19,916
Supporting Effective Instruction State Grants Title II, Part A	Indiana Department of Education	84.367	S367A180013	13,887	-	13,887
Title II, Part A		84.367	S367A190013	53,450	5,608	59,058
Title II, Part A		84.367	S367A200013	-	62,826	62,826
<b>Total - Supporting Effective Instruction State Grants</b>				<b>67,337</b>	<b>68,434</b>	<b>135,771</b>
Student Support and Academic Enrichment Program Title IV, Part A	Indiana Department of Education	84.424	S424A180015	10,713	-	10,713
Title IV, Part A		84.424	S424A190015	-	25,896	25,896
Title IV, Part A		84.424	S424A200015	-	18,733	18,733
<b>Total - Student Support and Academic Enrichment Program</b>				<b>10,713</b>	<b>44,629</b>	<b>55,342</b>
COVID-19 - Education Stabilization Fund Elementary and Secondary School Emergency Relief (ESSER) Fund	Indiana Department of Education	84.425D	S425D200013	-	414,789	414,789
Governor's Emergency Education Relief (GEER)		84.425C	S425C200018	-	113,017	113,017
<b>Total - COVID-19 - Education Stabilization Fund</b>				<b>-</b>	<b>527,806</b>	<b>527,806</b>
<b>Total - Department of Education</b>				<b>965,487</b>	<b>1,472,206</b>	<b>2,437,693</b>
<b>Total federal awards expended</b>				<b>\$ 1,413,231</b>	<b>\$ 1,961,126</b>	<b>\$ 3,374,357</b>

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

MITCHELL COMMUNITY SCHOOLS  
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 - SPECIAL EDUCATION COOPERATIVE (ALN: 84.027, 84.173)**

The School Corporation is a member of the Orange-Lawrence-Jackson-Martin Joint Services Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, some activity for the Special Education Cluster (IDEA) that is presented on the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the Cooperative.

**NOTE 4 - 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  
Mitchell Community Schools  
Lawrence 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 of Mitchell Community Schools ("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 March 29, 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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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*.

## 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  
March 29, 2023

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

Those Charged with Governance  
Mitchell Community Schools  
Lawrence County, Indiana

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

We have audited Mitchell Community Schools (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 each of the School Corporation's major federal programs for the period July 1, 2019 to June 30, 2021. The School Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

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

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

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period 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 deficiency in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as item 2021-001, 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*  
Crowe LLP

Indianapolis, Indiana  
March 29, 2023

MITCHELL COMMUNITY SCHOOLS  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For the period of 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?	_____	Yes	_____ <u>X</u> _____	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
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***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
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Identification of major programs:

<u>Assistance Listing Number</u>	<u>Name of Federal Program or Cluster</u>
10.553, 10.555	Child Nutrition Cluster
84.027, 84.173	Special Education Cluster

Dollar threshold used to distinguish between Type A and Type B programs: \$ 750,000

Auditee qualified as low-risk auditee?	_____	Yes	_____ <u>X</u> _____	No
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**Section II – Financial Statement Findings**

None noted.

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(Continued)

MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the period of July 1, 2019 to June 30, 2021

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

**FINDING 2021-001**

**Information on the federal program:**

Subject: Special Education Cluster – Earmarking  
Federal Agency: Department of Education  
Federal Program: Special Education Grants to States, Special Education Preschool Grants  
Assistance Listing Numbers: 84.027, 84.173  
Federal Award Numbers and Years: 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, 20619-045-PN01  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirements: Matching, Level of Effort, Earmarking  
Audit Findings: Significant Deficiency

**Criteria:** 2 CFR 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)...."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:...

- (g) Be adequately documented.... "

2 CFR 200.208(b) states in part:

"The Federal awarding agency or pass-through entity may adjust specific Federal award conditions as needed . . ."

511 IAC 7-34-7(b) states:

"The public agency, in providing special education and related services to students in nonpublic schools must expend at least an amount that is the same proportion of the public agency total subgrant under 20 U.S.C. 1411(f) as the number of nonpublic school students with disabilities, who are enrolled by their parents in nonpublic schools within its boundaries, is to the total number of students with disabilities of the same age range."

**Condition:** An effective internal control system was not in place at the School Corporation in order to ensure compliance with earmarking requirements related to the Special Education Cluster grant agreements.

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(Continued)

MITCHELL COMMUNITY SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For the period of July 1, 2019 to June 30, 2021

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**Section III – Federal Award Findings and Questioned Costs** (Continued)

**FINDING 2021-001** (Continued)

**Cause:** The School Corporation's management had not developed an effective system of internal controls that would have ensured compliance with the grant agreement and the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

**Effect:** The failure to establish an effective internal control system, as well as adequately document costs of federal awards, prevented the determination of the School Corporation's compliance with the earmarking requirements of the Matching, Level of Effort, Earmarking compliance requirement.

**Questioned Costs:** There were no questioned costs identified.

**Context:** The School Corporation is a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Cooperative (Cooperative). During fiscal years 2019-2020 and 2020-2021, the Cooperative operated the special education programs and spent the federal money on behalf of all its member schools. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the school corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards could not be verified for the individual member schools. Proportionate Share Monitoring Reports and other supporting documentation for amounts reported to IDOE for Earmarking were not retained for audit. As such, we were unable to identify if the minimum amount per the grant awards was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance applies to the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards which were fully expended during the audit period. The School Corporation's Non-Public Proportionate Share earmarking requirement was \$1,120, \$5,486, \$417, \$5,408, and \$388, respectively, for the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards.

**Identification as a repeat finding:** No.

**Recommendation:** We recommended that the School Corporation's management establish an effective system of internal controls to appropriately document and identify federal award expenditures to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

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

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# Mitchell Community Schools

441 North 8th Street • Mitchell, Indiana 47446

Phone 812-849-4481 • Fax 812-849-2133

## CORRECTIVE ACTION PLAN OF CURRENT AUDIT FINDINGS

June 30, 2021

### **FINDING 2021-001**

#### **Information on the federal program:**

Subject: Special Education Cluster – Earmarking

Federal Agency: Department of Education

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

Assistance Listing Numbers: 84.027, 84.173

Federal Award Numbers and Years: 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, 20619-045-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Matching, Level of Effort, Earmarking

Audit Findings: Significant Deficiency

#### **Condition:**

An effective internal control system was not in place at the School Corporation in order to ensure compliance with earmarking requirements related to the Special Education Cluster grant agreements.

#### **Context:**

The School Corporation is a member of the Orange-Lawrence-Jackson-Martin-Greene Joint Services Cooperative (Cooperative). During fiscal years 2019-2020 and 2020-2021, the Cooperative operated the special education programs and spent the federal money on behalf of all its member schools. As the grant agreements were between the Indiana Department of Education (IDOE) and each member school, the school corporation was responsible for ensuring and providing oversight of the Cooperative. However, there was inadequate oversight performed by the School Corporation in order to ensure compliance with the Matching, Level of Effort, Earmarking compliance requirement.

The School Corporation did not have internal controls in place to ensure that the Cooperative complied with the earmarking requirements. The Cooperative did not have adequate procedures in place to ensure that the required level of expenditures for non-public school students with disabilities was met for each member school. The Cooperative did not have effective internal controls to ensure non-public school expenditures were appropriately identified and reported.

The Non-Public Proportionate Share expenditures for the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards could not be verified for the individual member schools. Proportionate Share Monitoring Reports and other supporting documentation for amounts reported to IDOE for Earmarking were not retained for audit. As such, we were unable to identify if the minimum amount per the grant awards was expended and properly reported to IDOE as required.

The lack of internal controls and noncompliance applies to the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards which were fully expended during the audit period. The School Corporation's Non-Public Proportionate Share earmarking

requirement was \$1,120, \$5,486, \$417, \$5,408, and \$388, respectively, for the 18611-047-PN01, 19611-047-PN01, 19619-047-PN01, 20611-045-PN01, and 20619-045-PN01 grant awards.

**Views of Responsible Officials and Planned Corrective Actions:** Management agrees with the finding and will take the following corrective action, the referenced Joint Services Co-Op was dissolved at the end of the 20-21 school year. Since the Co-Op dissolved MCS is now taken sole ownership of our own Special Ed program.

**Responsible party and timeline for completion:** Malinda Powell, Treasurer.  
Effective for the 2021-2022 school year

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### **FINDING 2019-001**

Subject: Child Nutrition Cluster - Procurement  
Federal Agency: Department of Agriculture  
Federal Programs: School Breakfast Program, National School Lunch Program  
CFDA Numbers: 10.553, 10.555  
Federal Award Numbers and Years (or Other Identifying Numbers): FY2018, FY2019  
Pass-Through Entity: Indiana Department of Education  
Compliance Requirement: Procurement and Suspension and Debarment  
Audit Findings: Material Weakness, Other Matters

**Condition and Context:** An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the procurement requirements.

The School Corporation did not comply with the procurement requirements for simplified acquisition procurements during the fiscal year 2017-2018. The School Corporation purchased goods without the appropriate procurement procedures in place. They did not solicit bids for purchases that exceeded \$150,000 for simplified acquisitions.

The lack of controls and noncompliance were systemic issues during 2017-2018.

**Status:** Resolved.