

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS**

**MILAN, TENNESSEE**

**FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**MILAN SPECIAL SCHOOL DISTRICT – INTERNAL SCHOOL FUNDS  
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**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
ROSTER OF PUBLICLY ELECTED OFFICIALS  
June 30, 2023**

Director of Schools:

Jonathan Criswell

Board of Education:

Will Ownby, Chairman  
Stacy Hensley, V. Chairman  
Sid Crocker  
Kenny Carmichael  
Greg Horton  
Jake Mallard  
Kris Todd



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## Independent Auditor's Report

Board of Education and Management  
Milan Special School District, Internal School Funds  
Milan, Tennessee

### ***Report on the Audit of the Financial Statements***

#### ***Opinions***

We have audited the accompanying combined balance sheet – regulatory basis of the Milan Special School District Internal School Funds (the Schools), as of June 30, 2023, and the related combined statement of revenues, expenditures and changes in fund balances – regulatory basis for the year then ended, and the related notes to the financial statements, which collectively comprise the Schools' basic financial statements, as listed in the table of contents. We also have audited the individual school balance sheets – regulatory basis, and the individual school statements of revenues, expenditures, and changes in fund balances – regulatory basis presented as supplementary information in the accompanying financial statements as of and for the year ended June 30, 2023, as listed in the table of contents.

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

In our opinion, the combined financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of the Schools, as of June 30, 2023, and the related revenues, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1. In addition, in our opinion, the individual school financial statements referred to in the first paragraph present fairly, in all material respects, the assets, liabilities and fund balances of the Schools' Internal School Funds as of June 30, 2023, and the related revenues, expenditures and changes in fund balances for the year then ended, in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual* described in Note 1.

#### ***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 section of our report, the financial statements referred to in the first paragraph do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Schools as of June 30, 2023, or changes in financial position for the year then ended.

#### ***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards (Government Auditing Standards), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the

Audit of the Financial Statements section of our report. We are required to be independent of the Schools, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1 of the financial statements, the financial statements are prepared by the Schools on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet the requirements of the State of Tennessee. The effects on the financial statements 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 and pervasive.

### ***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, 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 financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Schools Internal School Funds' internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Schools Internal School Funds' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the combined financial statements – regulatory basis that collectively comprise the Schools’ basic financial statements. In addition, our audit was conducted for the purpose of forming an opinion on the individual school financial statements – regulatory basis, presented as supplementary information. The Schedules of Interfund Transfers, Schedule of Salary Supplements, Schedule of Insurance Coverage, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements – regulatory basis of the schools. As described in Note 1 of the financial statements, the supplemental schedules, as listed in the table of contents, are prepared by the Schools on the basis of the financial reporting provisions of the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements – regulatory basis and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements – regulatory basis or to the basic financial statements – regulatory basis themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedules of Interfund Transfers, Schedule of Salary Supplements, and the Schedule of Insurance Coverage, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements – regulatory basis as a whole.

### ***Other Information***

Management is responsible for the other information included in the annual financial report. The other information comprises the introductory section but does not include the basic financial statements – regulatory basis and our auditor’s report thereon. Our opinions on the basic financial statements – regulatory basis do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements – regulatory basis, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements – regulatory basis, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated August 11, 2023, on our consideration of the Schools’ 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the

effectiveness of the Schools' 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 Schools' internal control over financial reporting and compliance.

*ATA CPAs + Advisors PLLC*

Jackson, Tennessee  
August 11, 2023

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
COMBINED BALANCE SHEET - REGULATORY BASIS  
June 30, 2023**

	<u>Milan High School</u>	<u>Milan Middle School</u>	<u>Milan Elementary School</u>	<u>Total</u>
<b>Assets</b>				
Cash	\$ 322,159	\$ 188,548	\$ 125,986	\$ 636,693
Certificates of deposit	10,515	11,179	-	21,694
Inventory	-	552	-	552
<b>Total assets</b>	<b><u>\$ 332,674</u></b>	<b><u>\$ 200,279</u></b>	<b><u>\$ 125,986</u></b>	<b><u>\$ 658,939</u></b>
<b>Fund Balance</b>				
General Fund				
Nonspendable	\$ -	\$ 552	\$ -	\$ 552
Unassigned	25,904	60,540	116,161	202,605
Total general fund	<u>25,904</u>	<u>61,092</u>	<u>116,161</u>	<u>203,157</u>
Restricted Fund				
Restricted	18,048	9,651	2,074	29,773
Assigned	288,722	129,536	7,751	426,009
	<u>306,770</u>	<u>139,187</u>	<u>9,825</u>	<u>455,782</u>
<b>Total fund balance</b>	<b><u>\$ 332,674</u></b>	<b><u>\$ 200,279</u></b>	<b><u>\$ 125,986</u></b>	<b><u>\$ 658,939</u></b>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2023**

	<u>Milan High School</u>	<u>Milan Middle School</u>	<u>Milan Elementary School</u>	<u>Total</u>
Fund balance, July 1, 2022	\$ 281,944	\$ 188,803	\$ 98,081	\$ 568,828
<b>Revenues</b>	665,021	294,200	238,011	1,197,232
<b>Expenditures</b>	<u>614,291</u>	<u>282,724</u>	<u>210,106</u>	<u>1,107,121</u>
Excess of revenues over (under) expenditures	<u>50,730</u>	<u>11,476</u>	<u>27,905</u>	<u>90,111</u>
Other financing sources (uses)				
Operating transfers in	3,491	1,160	620	5,271
Operating transfers out	<u>(3,491)</u>	<u>(1,160)</u>	<u>(620)</u>	<u>(5,271)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Excess (deficit) of revenues and other financing sources over (under) expenditures and other uses</b>	<u><b>50,730</b></u>	<u><b>11,476</b></u>	<u><b>27,905</b></u>	<u><b>90,111</b></u>
Fund balance, June 30, 2023	<u><u>\$ 332,674</u></u>	<u><u>\$ 200,279</u></u>	<u><u>\$ 125,986</u></u>	<u><u>\$ 658,939</u></u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**BACKGROUND**

Section 49-2-110, Tennessee Code Annotated, provides for student activity funds, establishes responsibility for those funds, and requires schools to adopt and follow a uniform accounting manual. This section excludes parent-teacher and parent-student support organizations from the accounting, record keeping, and other requirements of this section.

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

**A. Financial Reporting Entity**

This report includes only the internal school funds of the Milan Special School District (the Schools) which is also considered a special revenue fund of the Milan Special School District. Internal school funds consist of financial resources accounted for at the individual schools.

**Internal School Funds**

Internal school funds reported in the accompanying financial statements include donations and grants made to the individual schools; fees collected by schools; funds received from the local board of education; funds raised through cooperative agreements; rental fees; and student activity funds.

**Student Activity Funds**

Student activity funds include all money received from any source for school-sponsored student activities or school-sponsored events held at or in connection with a school, and specifically include, but are not limited to funds:

- Derived from a school-sponsored academic, art, athletic, or social event involving students;
- Raised by school-sponsored clubs involving students;
- Raised by school-sponsored fundraisers involving students who are under the supervision of a school employee;
- Received from a commission for the direct sale of items to students pursuant to a cooperative agreement between the school and an outside organization;
- Received for the direct sale of items to students from a school-run bookstore located on school grounds;
- Raised from fees charged to students;
- Obtained from interest from any account that contains student activity funds;
- Obtained from any related school-sponsored activity that involves the use of school personnel, students, and property during the school day.

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**B. Other Comprehensive Basis of Accounting (OCBOA)**

The accounting and financial reporting requirements for internal school funds are set forth in the *Tennessee Internal School Uniform Accounting Policy Manual* (the Manual), issued by the Tennessee Department of Education. The requirements established in the Manual differ from generally accepted accounting principles primarily in the presentation of the financial statements and restricted fund revenue and expenditure accounting and reporting. The following is a summary of the basic requirements of this other comprehensive basis of accounting.

The financial statements consist of balance sheets and statements of revenues, expenditures and changes in fund balances.

The combined financial statements present all of the individual schools in a columnar format and are required to be presented before the notes to the financial statements. These statements focus on each of the individual schools rather than the funds within the schools. In keeping with that focus, the columnar headings identify the individual schools rather than the funds.

The individual school financial statements present the detailed fund activity in each school and are included after the notes to the financial statements.

Revenues are classified by source and expenditures are classified by either function or object for the general fund but not the restricted fund. Revenues and expenditures of the restricted fund are recorded based on the specific group or activity which will benefit or expend the funds. The activity in the restricted "accounts" is presented as total revenues and transfers in and total expenditures and transfers out for each account. A corresponding "fund balance" is presented for each account. Although the restricted fund is a single fund, each account within the fund must present its portion of the restricted fund balance. Transfers reported on the financial statements represent authorized movement of funds between restricted accounts as well as between the general fund and restricted fund.

**C. Measurement Focus and Basis of Accounting**

The accompanying financial statements are reported using the current financial resources measurement focus. Accordingly, only current assets and current liabilities are included on the balance sheets and the fund balances report only spendable resources. Internal school funds use the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available. Management policies define available as collectible within 30 days after the fiscal year end. Expenditures are generally recognized when the related fund liability is incurred, if measurable.

**D. Fund Structure**

The accounts of the individual schools are organized on the basis of funds, each of which is considered to be a separate accounting entity. The operations of each fund are accounted for by providing a separate set of self-balancing accounts, which are comprised of the fund's assets, liabilities, fund equity, revenues, and expenditures. The funds are grouped in the accompanying financial statements as follows:

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**General Fund**

The general fund is used to account for all money to be used for the general operation of the school or for the welfare of the student body. Revenues and expenditures in this fund are not restricted to any specific group or activity.

**Restricted Fund**

The restricted fund is used to account for money that is restricted for the use of a specific segment of the school population or legally restricted for a specific purpose and not intended to benefit the general school population.

**E. Inventory**

Inventories are stated at lower of cost (first-in, first-out) or market (net realizable value). The consumption method is used to account for inventories. Under the consumption method, a physical count of inventories is made at year-end and the financials are adjusted to the year end value. However, significant amounts of inventory, if any, on hand at year-end are reported as an asset in the financial statements. In accordance with generally accepted accounting principles, the fair value of donated goods and supplies are recognized as revenues and expenditures in the financial statements. For the current year no significant amounts of such donations were received.

**F. Fund Balances**

**Nonspendable Fund Balance**

Fund balances reported as nonspendable in the accompanying financial statements represent amounts for inventory in the general fund.

**Restricted Fund Balance**

Fund balances reported as restricted are the result of externally imposed restrictions placed upon certain resources accounted for in the restricted funds. This includes BEP (Basic Education Program) funds and grant funds.

When both restricted and unrestricted resources are available for use, it is the school system's policy to use restricted resources first, then unrestricted resources as they are needed.

**Assigned Fund Balance**

Amounts that are constrained by each school's intent to be used for specific purposes are reflected as assigned in the accompanying financial statements. This includes accounts reported in the restricted fund at each school, except for those that account for externally restricted resources as described above. Inventory amounts for restricted accounts are reflected as assigned because the use of the proceeds from the sale of those inventories is assigned. Board of Education allocation amounts not spent by the end of the fiscal year are reflected as assigned in the restricted funds because the Board's intent is for those resources to be expended for instruction, administration, and/or operations and maintenance.

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

The Board of Education is authorized to assign amounts for specific purposes with respect to the amounts they allocate to the individual schools. The principal is the official authorized to assign all other amounts to a specific purpose. Authorization is established by the *Tennessee Internal School Uniform Accounting Policy Manual*.

**Unassigned Fund Balance**

In accordance with generally accepted accounting principles, the general fund is the only fund at each school that reports amounts for unassigned fund balance. This classification represents fund balance that is not restricted and has not been assigned to specific purposes within the general fund.

When both assigned and unassigned resources are available for use, it is the school system's policy to use assigned resources first, then unassigned resources as they are needed.

The fund balance detail for the Schools are reflected below. Additional detail is provided on the individual school financial statements.

See individual fund financial statements for the detail of the restricted funds assigned balances noted above.

	<u>Milan High School</u>		<u>Milan Middle School</u>		<u>Milan Elementary School</u>	
	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>	<u>General Fund</u>	<u>Restricted Fund</u>
	<b>Fund Balances:</b>					
<b>Nonspendable:</b>						
Inventory	\$ -	\$ -	\$ 552	\$ -	\$ -	\$ -
<b>Restricted for:</b>						
BEP	-	17,548	-	8,916	-	622
MEGA grants	-	-	-	676	-	-
DARE	-	-	-	5	-	-
FBLA scholarship	-	100	-	-	-	-
Kids 2 college	-	-	-	54	-	-
Benevolent - MES	-	-	-	-	-	1,452
Star Scholarship	-	-	-	-	-	-
TN scholars	-	400	-	-	-	-
<b>Assigned to:</b>						
Restricted Funds	-	288,722	-	129,536	-	7,751
<b>Unassigned:</b>	25,904	-	60,540	-	116,161	-
<b>Total Fund Balances</b>	<u>\$ 25,904</u>	<u>\$ 306,770</u>	<u>\$ 61,092</u>	<u>\$ 139,187</u>	<u>\$ 116,161</u>	<u>\$ 9,825</u>

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
NOTES TO FINANCIAL STATEMENTS  
June 30, 2023**

**NOTE 2 – DEPOSITS AND INVESTMENTS**

**A. Legal Provisions**

All deposits with financial institutions in excess of FDIC limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution(s) that participates in the State of Tennessee Bank Collateral Pool administered by the state treasurer. For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits.

**B. Cash Deposits**

Cash in bank represents funds on deposit in various depositories.

**C. Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the school's deposits may not be returned to it. The school's deposits are exposed to custodial credit risk because all balances are not entirely insured by the FDIC or through the Bank Collateral Pool with the State of Tennessee in the amount of \$1,640.

**NOTE 3 - COMMITMENTS**

**Capital Assets**

Capital assets acquired by the individual schools are recorded as expenditures at the time of purchase. Title and accountability for capital assets purchased pass automatically to the board of education.

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
BALANCE SHEET - REGULATORY BASIS  
June 30, 2023**

	<u>Assets</u>		<u>Fund Balances</u>			<u>Total Fund Balance</u>
	<u>Cash &amp; Certificates of Deposit</u>	<u>Total</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	
<b>General Fund</b>	\$ 25,904	\$ 25,904	\$ -	\$ -	\$ 25,904	\$ 25,904
<b>Restricted Funds</b>						
ADA pooled - BEP	17,548	17,548	17,548	-	-	17,548
Advanced manufacturing	4,758	4,758	-	4,758	-	4,758
Agriculture	3,253	3,253	-	3,253	-	3,253
AP classes	83	83	-	83	-	83
Art	5,950	5,950	-	5,950	-	5,950
Athletics	117,332	117,332	-	117,332	-	117,332
Auto collision repair	2,229	2,229	-	2,229	-	2,229
Automotive technology	2,456	2,456	-	2,456	-	2,456
Band	7,460	7,460	-	7,460	-	7,460
Benevolence fund	1,764	1,764	-	1,764	-	1,764
Best Buddies	524	524	-	524	-	524
Beta club	1,433	1,433	-	1,433	-	1,433
Book club	178	178	-	178	-	178
Board allocation - library	404	404	-	404	-	404
Board allocation - office	3,649	3,649	-	3,649	-	3,649
Board Allocation - classroom	1,423	1,423	-	1,423	-	1,423
Board Allocation - art/PE/sci/mus	4,587	4,587	-	4,587	-	4,587
Bulldog café	5,406	5,406	-	5,406	-	5,406
Cheerleaders	5,671	5,671	-	5,671	-	5,671
Class of 24	167	167	-	167	-	167
Computer science	5,000	5,000	-	5,000	-	5,000
Criminal justice	776	776	-	776	-	776
CTE Dir project	1,105	1,105	-	1,105	-	1,105
Relay for Life Jr. committee	210	210	-	210	-	210
DAWG pound	3,707	3,707	-	3,707	-	3,707
Drama club	27,762	27,762	-	27,762	-	27,762
English club	153	153	-	153	-	153
Family & consumer science	6,621	6,621	-	6,621	-	6,621
FBLA	2,106	2,106	-	2,106	-	2,106
FCA	699	699	-	699	-	699
Fine arts	1,675	1,675	-	1,675	-	1,675
Health sciences & technology	10,002	10,002	-	10,002	-	10,002
Ink cartridges	2,918	2,918	-	2,918	-	2,918
FFA	4,514	4,514	-	4,514	-	4,514
French club	53	53	-	53	-	53
Library	543	543	-	543	-	543
Math club	13	13	-	13	-	13
MHS Academy	1,500	1,500	-	1,500	-	1,500

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
BALANCE SHEET - REGULATORY BASIS**

June 30, 2023

	<u>Assets</u>		<u>Fund Balances</u>			<u>Total Fund Balance</u>
	<u>Cash &amp; Certificates of Deposit</u>	<u>Total</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	
MHS FBLA scholarship	100	<b>100</b>	100	-	-	<b>100</b>
Miss MHS	587	<b>587</b>	-	587	-	<b>587</b>
MMS drums	86	<b>86</b>	-	86	-	<b>86</b>
National tech honor society	180	<b>180</b>	-	180	-	<b>180</b>
Personal finance	10	<b>10</b>	-	10	-	<b>10</b>
Prom	9,564	<b>9,564</b>	-	9,564	-	<b>9,564</b>
PSAT	17	<b>17</b>	-	17	-	<b>17</b>
Residential construction	3,050	<b>3,050</b>	-	3,050	-	<b>3,050</b>
Rise	3,030	<b>3,030</b>	-	3,030	-	<b>3,030</b>
SADD	660	<b>660</b>	-	660	-	<b>660</b>
Scholarship	500	<b>500</b>	-	500	-	<b>500</b>
School climate	780	<b>780</b>	-	780	-	<b>780</b>
Science	2,021	<b>2,021</b>	-	2,021	-	<b>2,021</b>
Skills - Auto Collision	2,360	<b>2,360</b>	-	2,360	-	<b>2,360</b>
Skills - Auto Tech	2,304	<b>2,304</b>	-	2,304	-	<b>2,304</b>
Skills USA Manufacturing	1,438	<b>1,438</b>	-	1,438	-	<b>1,438</b>
Spanish club	923	<b>923</b>	-	923	-	<b>923</b>
Star award	1,281	<b>1,281</b>	-	1,281	-	<b>1,281</b>
STEM	700	<b>700</b>	-	700	-	<b>700</b>
Step team	231	<b>231</b>	-	231	-	<b>231</b>
Student council	1,078	<b>1,078</b>	-	1,078	-	<b>1,078</b>
Student reward	2,181	<b>2,181</b>	-	2,181	-	<b>2,181</b>
TN scholars	400	<b>400</b>	400	-	-	<b>400</b>
WBL	2,527	<b>2,527</b>	-	2,527	-	<b>2,527</b>
Yearbook	14,082	<b>14,082</b>	-	14,082	-	<b>14,082</b>
Winter Color	1,048	<b>1,048</b>	-	1,048	-	<b>1,048</b>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total restricted funds	306,770	<b>306,770</b>	18,048	288,722	-	<b>306,770</b>
Total general and restricted funds	<b>\$ 332,674</b>	<b>\$ 332,674</b>	<b>\$ 18,048</b>	<b>\$ 288,722</b>	<b>\$ 25,904</b>	<b>\$ 332,674</b>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS**

For the Year Ended June 30, 2023

	<b>Fund Balance 7/1/2022</b>	<b>Revenues</b>	<b>Expenditures</b>	<b>Transfers In</b>	<b>Transfers Out</b>	<b>Fund Balance 6/30/2023</b>
<b>General Fund</b>	\$ 24,983	\$ 921	\$ -	\$ -	\$ -	\$ 25,904
<b>Restricted Funds</b>						
ADA - BEP	-	9,426	5,935	-	3,491	-
ADA pooled - BEP	11,411	4,528	1,882	3,491	-	17,548
Advanced Manufacturing	2,464	3,260	966	-	-	4,758
Agriculture	3,458	11,510	11,715	-	-	3,253
AP classes	83	-	-	-	-	83
Art	1,448	4,530	28	-	-	5,950
Athletics	101,993	425,173	409,834	-	-	117,332
Auto collision repair	6,164	-	3,935	-	-	2,229
Automotive technology	4,790	6,325	8,659	-	-	2,456
Band	10,348	23,986	26,874	-	-	7,460
Benevolence fund	1,442	924	602	-	-	1,764
Best Buddies	524	-	-	-	-	524
Beta club	2,286	12,866	13,719	-	-	1,433
Board Allocation - office	2,316	2,246	913	-	-	3,649
Board Allocation - library	543	4,902	5,041	-	-	404
Board Allocation - classroom	83	7,098	5,758	-	-	1,423
Board Allocation - art/PE/sci/mus	2,826	4,030	2,269	-	-	4,587
Book club	178	-	-	-	-	178
Boys/girls state	700	-	700	-	-	-
Bulldog café	2,550	8,824	5,968	-	-	5,406
Business technology - Kirby	2,710	1,000	3,710	-	-	-
Business technology - Hatcher	39	-	39	-	-	-
Cheerleaders	7,260	8,101	9,690	-	-	5,671
Class of 23	-	18,804	18,804	-	-	-
Class of 24	-	925	758	-	-	167
Computer science	-	5,000	-	-	-	5,000
Criminal justice	680	710	614	-	-	776
CTE Dir project	526	1,200	621	-	-	1,105
Relay for Life Jr. committee	210	-	-	-	-	210
Dawg Pound	2,684	2,204	1,181	-	-	3,707
Drama club	19,392	14,681	6,311	-	-	27,762
English club	118	1,000	965	-	-	153
Faculty/staff welfare	478	2,085	2,563	-	-	-
Family & consumer science	9,895	49	3,323	-	-	6,621
FBLA	2,106	-	-	-	-	2,106
FCA	699	-	-	-	-	699
Fine arts	325	3,464	2,114	-	-	1,675
Health sciences & technology	9,349	4,520	3,867	-	-	10,002
Ink cartridges	2,393	2,799	2,274	-	-	2,918
FFA	1,996	4,139	1,621	-	-	4,514
French club	53	-	-	-	-	53

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2023**

	Fund Balance 7/1/2022	Revenues	Expenditures	Transfers In	Transfers Out	Fund Balance 6/30/2023
Library	\$ 543	\$ -	\$ -	\$ -	\$ -	\$ 543
Maintenance club	-	3,786	3,786	-	-	-
Math club	13	-	-	-	-	13
MEGA grants	-	10,427	10,427	-	-	-
MHS Academy	-	1,500	-	-	-	1,500
MHS FBLA scholarship	100	-	-	-	-	100
Miss MHS	587	-	-	-	-	587
MMS drums	86	-	-	-	-	86
National Tech Honor Society	180	-	-	-	-	180
Personal finance	10	-	-	-	-	10
Prom	7,858	5,872	4,166	-	-	9,564
PSAT	17	-	-	-	-	17
Residential construction	2,976	8,554	8,480	-	-	3,050
Rise	2,415	615	-	-	-	3,030
SADD	660	-	-	-	-	660
Scholarship	500	500	500	-	-	500
School climate	288	2,036	1,544	-	-	780
Science	1,866	305	150	-	-	2,021
Skills - Auto Collision	2,360	-	-	-	-	2,360
Skills - Auto Tech	2,304	-	-	-	-	2,304
Skills USA Manufacturing	1,438	-	-	-	-	1,438
Specialized Population	-	-	-	-	-	-
Spanish club	801	555	433	-	-	923
Star award	1,231	1,000	950	-	-	1,281
STEM	-	700	-	-	-	700
Step team	231	-	-	-	-	231
Student council	1,128	-	50	-	-	1,078
Student reward	686	3,945	2,450	-	-	2,181
TN scholars	400	-	-	-	-	400
WBL	447	5,723	3,643	-	-	2,527
Yearbook	11,188	15,554	12,660	-	-	14,082
Winter Color	128	2,719	1,799	-	-	1,048
<b>Total restricted funds</b>	<u>256,961</u>	<u>664,100</u>	<u>614,291</u>	<u>3,491</u>	<u>3,491</u>	<u>306,770</u>
<b>Total general and restricted funds</b>	<u>\$ 281,944</u>	<u>\$ 665,021</u>	<u>\$ 614,291</u>	<u>\$ 3,491</u>	<u>\$ 3,491</u>	<u>\$ 332,674</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND  
REGULATORY BASIS  
For the Year Ended June 30, 2023**

**Revenues**

Interest	\$ 921
Total revenues	<u>\$ 921</u>

**Expenditures**

Total expenditures	<u>\$ -</u>
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*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN MIDDLE SCHOOL  
BALANCE SHEET - REGULATORY BASIS  
June 30, 2023**

	Assets			Fund Balances				Total Fund Balance
	Cash & Certificates of Deposit	Bookstore Inventory	Total	Non- Spensible	Restricted	Assigned	Unassigned	
<b>General Fund</b>	\$ 60,540	\$ 552	\$ 61,092	\$ 552	\$ -	\$ -	\$ 60,540	\$ 61,092
<b>Restricted Funds</b>								
ADA pooled - BEP	8,916	-	8,916	-	8,916	-	-	8,916
ART	381	-	381	-	-	381	-	381
Art Club	140	-	140	-	-	140	-	140
Athletics	59,833	-	59,833	-	-	59,833	-	59,833
Benevolent - MMS	1,479	-	1,479	-	-	1,479	-	1,479
Beta club	4,604	-	4,604	-	-	4,604	-	4,604
Black history program	1,131	-	1,131	-	-	1,131	-	1,131
Board allocation - Art/PE/Sci/Mus	14	-	14	-	-	14	-	14
Board allocation - library	420	-	420	-	-	420	-	420
Board allocation - office	5	-	5	-	-	5	-	5
Board allocation - staff appreciation	214	-	214	-	-	214	-	214
Book club	3	-	3	-	-	3	-	3
Cheerleaders	3,853	-	3,853	-	-	3,853	-	3,853
Choir	2,068	-	2,068	-	-	2,068	-	2,068
Colorguard	1,458	-	1,458	-	-	1,458	-	1,458
DARE	5	-	5	-	5	-	-	5
Dance team	576	-	576	-	-	576	-	576
Destination imagination	10,783	-	10,783	-	-	10,783	-	10,783
FCA	294	-	294	-	-	294	-	294
Glenda's kids	12,588	-	12,588	-	-	12,588	-	12,588
History club	2,415	-	2,415	-	-	2,415	-	2,415
Kids 2 college	54	-	54	-	54	-	-	54
MEGA donations	676	-	676	-	676	-	-	676
Million word club	357	-	357	-	-	357	-	357
RISE	282	-	282	-	-	282	-	282
Robotic Club	665	-	665	-	-	665	-	665
Science/math donations	672	-	672	-	-	672	-	672
STEM lab	1,380	-	1,380	-	-	1,380	-	1,380
Stuck in middle	15,448	-	15,448	-	-	15,448	-	15,448
Student government	892	-	892	-	-	892	-	892
Sunshine fund	165	-	165	-	-	165	-	165
SADD	3,270	-	3,270	-	-	3,270	-	3,270
Yearbook Club	4,118	-	4,118	-	-	4,118	-	4,118
<b>Total restricted funds</b>	<u>139,187</u>	<u>-</u>	<u>139,187</u>	<u>-</u>	<u>9,651</u>	<u>129,536</u>	<u>-</u>	<u>139,187</u>
<b>Total general and restricted funds</b>	<u>\$ 199,727</u>	<u>\$ 552</u>	<u>\$ 200,279</u>	<u>\$ 552</u>	<u>\$ 9,651</u>	<u>\$ 129,536</u>	<u>\$ 60,540</u>	<u>\$ 200,279</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN MIDDLE SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2023**

	Fund Balance 7/1/2022	Revenues	Expenditures	Transfers In	Transfers Out	Fund Balance 6/30/2023
<b>General Fund</b>	\$ 57,063	\$ 81,679	\$ 77,650	\$ -	\$ -	\$ 61,092
<b>Restricted Funds</b>						
ADA pooled - BEP	6,548	4,400	3,192	1,160	-	8,916
ADA teacher supplies - BEP	-	8,800	7,640	-	1,160	-
ART	153	344	116	-	-	381
Art Club	88	450	398	-	-	140
Athletics	58,014	112,108	110,289	-	-	59,833
Benevolent - MMS	1,112	1,430	1,063	-	-	1,479
Beta club	9,236	4,120	8,752	-	-	4,604
Black history program	1,095	2,089	2,053	-	-	1,131
Board allocation - Art/PE/Sci/Mus	47	4,000	4,033	-	-	14
Board allocation - classroom supply	-	10,440	10,412	-	-	28
Board allocation - ink cartridges	-	2,607	2,607	-	-	-
Board allocation - library	29	4,810	4,419	-	-	420
Board allocation - office	48	2,412	2,455	-	-	5
Board allocation - staff appreciation	1,185	3,597	4,568	-	-	214
Book club	82	226	305	-	-	3
Cheerleaders	1,094	8,876	6,117	-	-	3,853
Choir	2,161	753	846	-	-	2,068
Colorguard	4	5,908	4,454	-	-	1,458
DARE	5	-	-	-	-	5
Dance team	2,035	250	1,709	-	-	576
Destination imagination	10,980	-	197	-	-	10,783
FCA	294	-	-	-	-	294
Glenda's kids	13,160	3	575	-	-	12,588
History club	-	3,458	1,043	-	-	2,415
Kids 2 college	54	-	-	-	-	54
MEGA donations	676	9,031	9,031	-	-	676
Million word club	357	-	-	-	-	357
RISE	282	-	-	-	-	282
Robotic Club	818	863	1,016	-	-	665
Science/math donations	1,326	-	654	-	-	672
STEM lab	1,354	300	274	-	-	1,380
Stuck in middle	13,385	10,592	8,529	-	-	15,448
Student government	876	2,031	2,015	-	-	892
Sunshine fund	165	-	-	-	-	165
SADD	3,270	462	462	-	-	3,270
Yearbook club	1,807	8,161	5,850	-	-	4,118
<b>Total restricted funds</b>	<u>131,740</u>	<u>212,521</u>	<u>205,074</u>	<u>1,160</u>	<u>1,160</u>	<u>139,187</u>
<b>Total general and restricted funds</b>	<u>\$ 188,803</u>	<u>\$ 294,200</u>	<u>\$ 282,724</u>	<u>\$ 1,160</u>	<u>\$ 1,160</u>	<u>\$ 200,279</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN MIDDLE SCHOOL  
STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND  
REGULATORY BASIS  
For the Year Ended June 30, 2023**

**Revenues**

Board allocations	\$	28,351
Bookstore		124
Concessions		23,028
Unrestricted donations		1,347
Field trips		4,742
Fundraisers		19,025
Interest		542
Pictures		3,086
Vending commission		1,434
Total revenues	<u>\$</u>	<u>81,679</u>

**Expenditures**

Supplies	\$	21
Concessions		17,737
Field trips		4,390
Fundraisers		14,106
Instructional - other		575
Instructional - equipment		29,108
Instructional - supplies and materials		7,292
Operation and maintenance		64
Rewards and parties		4,357
Total expenditures	<u>\$</u>	<u>77,650</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN ELEMENTARY SCHOOL  
BALANCE SHEET - REGULATORY BASIS  
June 30, 2023**

	<u>Assets</u>		<u>Fund Balances</u>			
	<u>Cash</u>	<u>Total</u>	<u>Restricted</u>	<u>Assigned</u>	<u>Unassigned</u>	<u>Total Fund Balance</u>
<b>General Fund</b>	\$ 116,161	<b>\$ 116,161</b>	\$ -	\$ -	\$ 116,161	<b>\$ 116,161</b>
<b>Restricted Funds</b>						
ADA pooled - BEP	622	<b>622</b>	622	-	-	<b>622</b>
Art	226	<b>226</b>	-	226	-	<b>226</b>
Benevolent - MES	1,452	<b>1,452</b>	1,452	-	-	<b>1,452</b>
Bereavement - faculty and staff	1,708	<b>1,708</b>	-	1,708	-	<b>1,708</b>
Yearbook club	5,817	<b>5,817</b>	-	5,817	-	<b>5,817</b>
Total restricted funds	9,825	<b>9,825</b>	2,074	7,751	-	<b>9,825</b>
Total general and restricted funds	<u>\$ 125,986</u>	<u><b>\$ 125,986</b></u>	<u>\$ 2,074</u>	<u>\$ 7,751</u>	<u>\$ 116,161</u>	<u><b>\$ 125,986</b></u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN ELEMENTARY SCHOOL  
STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - REGULATORY BASIS  
For the Year Ended June 30, 2023**

	<u>Fund Balance 7/1/2022</u>	<u>Revenues</u>	<u>Expenditures</u>	<u>Transfers In</u>	<u>Transfers Out</u>	<u>Fund Balance 6/30/2023</u>
<b>General Fund</b>	\$ 88,681	\$ 157,837	\$ 130,357	\$ -	\$ -	\$116,161
<b>Restricted Funds</b>						
ADA teacher supplies - BEP	-	13,469	12,849	-	620	-
ADA pooled - BEP	892	6,699	7,589	620	-	622
Art	226	-	-	-	-	226
Benevolent - MES	1,395	500	443	-	-	1,452
Bereavement - faculty and staff	1,143	3,170	2,605	-	-	1,708
Board allocation - instructional	-	13,746	13,746	-	-	-
Board allocation - office	-	3,331	3,331	-	-	-
Board allocation - library	-	7,838	7,838	-	-	-
Board allocation - teacher & staff	-	4,451	4,451	-	-	-
Board allocation - ink cartridges	-	3,970	3,970	-	-	-
Board allocation - art/PE/sci/mus	-	4,000	4,000	-	-	-
MEGA grants	-	9,760	9,760	-	-	-
Star Scholarship	500	-	500	-	-	-
Yearbook club	5,244	9,240	8,667	-	-	5,817
<b>Total restricted funds</b>	<u>9,400</u>	<u>80,174</u>	<u>79,749</u>	<u>620</u>	<u>620</u>	<u>9,825</u>
<b>Total general and restricted funds</b>	<u>\$ 98,081</u>	<u>\$ 238,011</u>	<u>\$ 210,106</u>	<u>\$ 620</u>	<u>\$ 620</u>	<u>\$125,986</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN ELEMENTARY SCHOOL  
STATEMENT OF REVENUES AND EXPENDITURES GENERAL FUND  
REGULATORY BASIS  
For the Year Ended June 30, 2023**

**Revenues**

Concessions	\$ 29,580
Unrestricted donations	10,955
Field trips	6,794
Fines, fees and dues	356
Fundraisers	88,881
Instructional	11,498
Interest	328
Pictures	8,309
Vending commission	1,136
Total revenues	<u>\$ 157,837</u>

**Expenditures**

Administrative	\$ 9,900
Concessions	20,835
Field trips	12,899
Fines, fees and dues	48
Fundraisers	42,137
Instructional - supplies and materials	21,644
Instructional - equipment	3,958
Instructional - copier	13,745
Instructional - library	217
Rewards and parties	4,974
Total expenditures	<u>\$ 130,357</u>

*The accompanying notes are an integral part of the financial statements.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN HIGH SCHOOL  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended June 30, 2023**

Transfer from	Transfer to Pooled ADA - BEP	Total
ADA - BEP	\$ 3,491	\$ 3,491
Total Interfund Transfers	<u>\$ 3,491</u>	<u>\$ 3,491</u>

*See independent auditor's report.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN MIDDLE SCHOOL  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended June 30, 2023**

Transfer from	Transfer to Pooled ADA - BEP	Total
ADA teacher supplies - BEP	\$ 1,160	\$ 1,160

*See independent auditor's report.*

**MILAN SPECIAL SCHOOL DISTRICT  
MILAN ELEMENTARY SCHOOL  
SCHEDULE OF INTERFUND TRANSFERS  
For the Year Ended June 30, 2023**

Transfer from	Transfer to	Total
	ADA pooled - BEP	
ADA teacher supplies - BEP	\$ <u>620</u>	\$ <u>620</u>

*See independent auditor's report.*

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
SCHEDULE OF SALARY SUPPLEMENTS  
For the Year Ended June 30, 2023**

School	Amount	Source of Funds	Board Approved	Proper Withholding
<b>Milan High School</b>				
Ables, Charles	\$ 184	Athletics, CTE	Yes	Yes
Beneda, Katharyn	269	Athletics, CTE	Yes	Yes
Jackson, Michael	1,768	Athletics, CTE	Yes	Yes
Lawrence, Clayton	678	Athletics	Yes	Yes
McElrath, Steve	1,019	Various	Yes	Yes
Newberry, Frank	4,187	Various	Yes	Yes
Quisenberry, James	1,068	Athletics	Yes	Yes
Sawdy, Daryl	168	Athletics	Yes	Yes
Simons, Virgil	2,059	Athletics	Yes	Yes
Ulrich, Bradley	2,503	Athletics	Yes	Yes
Vann, Laurie	1,945	Various	Yes	Yes
	<u>15,849</u>			
<b>Milan Middle School</b>				
Ables, Charles	\$ 105	Admin - Other	Yes	Yes
Beard, Julian	43	Athletics	Yes	Yes
Beneda, Katharyn	682	Various	Yes	Yes
Benton, Rimmer	254	Athletics	Yes	Yes
Best, Linda	63	Athletics	Yes	Yes
Johnson, DeDe	1,525	Athletics	Yes	Yes
Lawrence, Clayton	816	Athletics	Yes	Yes
McElrath, Steve	258	Various	Yes	Yes
Milligan, Robert	59	Athletics	Yes	Yes
Newberry, Frank	682	Athletics	Yes	Yes
Quisenberry, James	2,953	Various	Yes	Yes
Sawdy, Daryl	277	Various	Yes	Yes
Simons, Virgil	1,081	Various	Yes	Yes
Spain, Michael	442	Athletics	Yes	Yes
Vann, Laurie	3,998	Athletics	Yes	Yes
	<u>13,238</u>			
<b>Milan Elementary School</b>				
Ables, Charles	\$ 69	Admin - Other	Yes	Yes
Dillard, Leanne	173	Admin - Other	Yes	Yes
McElrath, Steve	383	Admin - Other	Yes	Yes
Newberry, Frank	295	Admin - Other	Yes	Yes
Quisenberry, James	327	Admin - Other	Yes	Yes
Sawdy, Daryl	175	Admin - Other	Yes	Yes
Ulrich, Bradley	139	Admin - Other	Yes	Yes
Vann, Laurie	288	Admin - Other	Yes	Yes
	<u>1,848</u>			
<b>Total salary supplements</b>	<b><u>\$ 30,935</u></b>			

*See independent auditor's report.*

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
SCHEDULE OF INSURANCE COVERAGE  
June 30, 2023**

Company	Tennessee School Boards Risk Management Trust
Type of Coverage	General Liability
Amount	Each employee is covered up to \$400,000 on each loss occurrence with a deductible of \$500.
Period Covered	July 1, 2022 to July 1, 2023
Positions Covered	All employees



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**Independent Auditor’s Report on Internal Control over Financial Reporting  
and on Compliance and Other Matters Based on an  
Audit of Financial Statements Performed in  
Accordance with *Government Auditing Standards***

Board of Education and Management  
Milan Special School District, Internal School Funds  
Milan, Tennessee

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 combined balance sheet – regulatory basis and the related combined statement of revenues, expenditures, and changes in fund balances – regulatory basis of the Milan Special School District Internal School Funds (the Schools) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Schools’ combined financial statements – regulatory basis, and have issued our report thereon dated August 11, 2023. We also have audited the individual school balance sheets – regulatory basis, and the individual school statements of revenues, expenditures and changes in fund balances – regulatory basis presented as supplementary information in the accompanying individual school financial statements as of and for the year ended June 30, 2023, as listed in the table of contents. The report on the Schools was adverse in relation to the conformity with accounting principles generally accepted in the United States of America and was unmodified in relation to the financial statements prepared in conformity with the accounting practices prescribed by the *Tennessee Internal School Uniform Accounting Policy Manual*, which is a comprehensive basis of accounting other than generally accepted accounting principles in the United States of America.

**Report on Internal Control over Financial Reporting**

In planning and performing our audit of the financial statements (combined and individual) – regulatory basis, we considered the Schools’ 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 opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Schools’ internal control. Accordingly, we do not express an opinion on the effectiveness of the Schools’ 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 statements 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 or significant deficiencies may exist that were not identified.

### **Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the Schools' financial statements – regulatory basis are 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 statements – regulatory basis. 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*.

In addition, we noted other matters involving the internal control and its operation that we reported to management of the Schools' in a separate letter dated August 11, 2023.

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

*ATA CPAs + Advisors PLLC*

Jackson, Tennessee  
August 11, 2023

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
SCHEDULE OF FINDINGS AND RECOMMENDATIONS  
June 30, 2023**

There were no findings reported in the current year.

**MILAN SPECIAL SCHOOL DISTRICT  
INTERNAL SCHOOL FUNDS  
SCHEDULE OF PRIOR YEAR FINDINGS**  
June 30, 2023

There were no findings reported in the prior year.