

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

HAMILTON HEIGHTS SCHOOL CORPORATION  
HAMILTON COUNTY, INDIANA

July 1, 2012 to June 30, 2014



**FILED**  
10/31/2016



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## SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kristin McCarty Caryn Provence	07-01-12 to 06-30-14 07-01-14 to 06-30-17
Superintendent of Schools	Anthony Cook Derek Arrowood	07-01-12 to 12-31-13 01-01-14 to 06-30-17
President of the School Board	Laura Reuter Gwendalyn Hunter Rex McKinney Laura Reuter Rex McKinney	01-01-12 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16



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**INDEPENDENT AUDITOR'S REPORT**

TO: THE OFFICIALS OF THE HAMILTON HEIGHTS SCHOOL  
CORPORATION, HAMILTON COUNTY, INDIANA

***Report on the Financial Statement***

We have audited the accompanying financial statement of the Hamilton Heights School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, 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). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

***Other Matters***

*Supplementary Information*

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


*Other Information*

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 19, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is October 17, 2016, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

March 19, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is October 17, 2016



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

TO: THE OFFICIALS OF THE HAMILTON HEIGHTS SCHOOL  
CORPORATION, HAMILTON COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Hamilton Heights School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 19, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is October 17, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

***Internal Control Over Financial Reporting***

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.



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

***Compliance and Other Matters***


As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

***Hamilton Heights School Corporation's Response to Findings***

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

***Purpose of This Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

  
Paul D. Joyce, CPA  
State Examiner

March 19, 2015, except for the Schedule of Expenditures of Federal Awards,  
as to which the date is October 17, 2016

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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.

HAMILTON HEIGHTS SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 3,748,596	\$ 13,764,714	\$ 13,531,768	\$ 6,617	\$ 3,988,159	\$ 13,761,290	\$ 13,787,870	\$ -	\$ 3,961,579
Debt Service	1,958,772	3,976,916	4,074,924	-	1,860,764	4,146,054	4,007,902	-	1,998,916
Retirement/Severance Bond Debt Service	84,594	162,326	160,884	-	86,036	152,484	152,358	-	86,162
Capital Projects	719,001	2,054,404	2,155,962	3,281	620,724	1,947,826	1,562,431	3,973	1,010,092
School Transportation	1,027,815	1,761,857	1,503,484	-	1,286,188	1,765,585	1,477,218	(248,537)	1,326,018
School Bus Replacement	565,927	227,940	266,298	-	527,569	270,582	274,516	-	523,635
Rainy Day	4,761,746	1,727,697	1,399,047	-	5,090,396	200,000	430,956	248,537	5,107,977
Post-Retirement/Severance Future Benefits	120,702	-	13,137	-	107,565	-	20,800	-	86,765
Construction	21,000	-	21,000	-	-	-	-	-	-
Go Bond 2012	-	-	1,270,661	1,594,000	323,339	-	167,653	-	155,686
Go Bond 2013	-	-	-	-	-	-	378,404	1,145,000	766,596
School Lunch	476,511	1,155,510	1,039,313	-	592,708	1,123,046	1,127,097	-	588,657
Textbook Rental	111,861	385,528	446,529	1,159	52,019	408,881	297,292	(75,000)	88,608
2012 EC Summer Enrichment	(4,479)	7,593	3,114	-	-	-	-	-	-
2012 FIATS Summer Enrichment	(1,535)	2,844	1,309	-	-	-	-	-	-
2013 EC Summer Enrichment	-	-	3,090	-	(3,090)	-	(3,090)	-	-
HHEF Donations	3,724	8,511	6,794	-	5,441	11,146	13,833	-	2,754
Joe Booker Constitutionally LI	-	40,000	35,693	-	4,307	-	2,030	-	2,277
PTO Donations-PS/ES Playground	-	29,749	22,180	-	7,569	6,500	-	-	14,069
Cicero American Legion Auxiliary Grant	1,460	-	-	-	1,460	-	-	-	1,460
Marathon/Sahgill Oil Company	2,288	-	338	-	1,950	-	-	-	1,950
Swimming Program	1,149	-	-	-	1,149	-	-	-	1,149
Miscellaneous Donations to HHMS	331	-	-	-	331	-	-	-	331
Matt Cahill Memorial Scholarship	1,245	4,000	-	-	5,245	-	500	-	4,745
E/S Donation PTO Magazine Sale	10,538	2,537	1,912	-	11,163	582	540	-	11,205
P/S Clinic PTO Donation	765	-	-	-	765	-	-	-	765
Dean Small Scholarship	-	1,000	-	-	1,000	-	1,000	-	-
Dave Sheller Memorial Scholars	6,685	-	-	-	6,685	-	-	-	6,685
P/S Donation PTO Magazine Sale	20,252	3,072	8,749	-	14,575	2,506	7,587	-	9,494
Heidi O'Rear Scholarship 99	228	-	-	-	228	-	-	-	228
Susan Barnes Scholarship	1,051	-	-	-	1,051	-	-	-	1,051
Bishop Memorial	1,013	-	-	-	1,013	-	-	-	1,013
Ingrid Hook Memorial	2,657	-	-	-	2,657	-	-	-	2,657
Chris Musselman Memorial	22	-	-	-	22	-	-	-	22
One-on-One Community (Library)	436	-	-	-	436	-	-	-	436

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2013 and 2014  
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Wellness Program WV/WCI Trust	4,335	487	2,718	-	2,104	3,960	4,380	-	1,684
Middle School PSEO	4,626	-	2,299	-	2,327	-	-	-	2,327
High Ability Grant 2011/2012	308	-	308	-	-	-	-	-	-
High Ability 2012-2013	-	32,765	27,016	-	5,749	-	5,749	-	-
High Ability 2013-2014	-	-	-	-	-	33,521	30,083	-	3,438
2013-2014 HA NAGC	-	-	-	-	-	14,608	14,608	-	-
Common School Technology	-	214,137	214,137	-	-	-	-	-	-
Common School A1640	-	211,197	211,197	-	-	-	-	-	-
Common School A1687	-	107,798	151,886	-	(44,088)	102,700	58,612	-	-
Early Childhood Intervention (First Steps)	-	-	-	-	-	6,025	3,352	-	2,673
Secured Schools SA	-	-	-	-	-	-	-	50,000	50,000
Non-English Speaking Program 11/12	1,075	-	1,075	-	-	-	-	-	-
Non-English Speaking Program 12/13	-	1,037	-	-	1,037	-	1,037	-	-
Non-English Speaking Program 13/14	-	-	-	-	-	818	229	-	589
School Technology	75,219	14,142	4,181	-	85,180	45,893	24,217	-	106,856
Pay For Performance Grant	-	165,167	165,167	-	-	-	-	-	-
Performance Grant	-	-	-	-	-	315,000	315,000	-	-
Special Education Improvement Grant	-	61,554	62,526	-	(972)	8,425	7,453	-	-
Senator David Ford Technology	-	1,990	1,990	-	-	-	-	-	-
Title I FY 2012 (11/12)	(6,688)	50,119	43,431	-	-	-	-	-	-
Title I 2012-2013	-	165,456	213,233	-	(47,777)	91,554	43,777	-	-
Title I 2013-2014	-	-	-	-	-	137,468	155,085	-	(17,617)
Part B Federal Grant	(7,059)	45,498	38,439	-	-	-	-	-	-
Part B TA Grant FY	-	-	-	-	-	6,878	6,878	-	-
Part B FY13 Subgra	-	-	-	-	-	51,687	51,687	-	-
Title IIA FY10	(1,056)	35,386	34,330	-	-	-	-	-	-
Title IIA FY11	-	37,757	49,271	-	(11,514)	15,251	3,737	-	-
Title IIA FY 2012	-	-	-	-	-	32,492	42,857	-	(10,365)
Title III	-	2,096	2,096	-	-	-	-	-	-
Title III 2012-2013	-	643	643	-	-	-	-	-	-
Title III 13-14	-	-	-	-	-	2,994	2,994	-	-
Education Jobs	(29,168)	65,821	36,653	-	-	-	-	-	-
Payroll Clearing	3,632	3,288,625	3,290,355	-	1,902	3,376,168	3,375,071	-	2,999
Totals	<u>\$ 13,689,579</u>	<u>\$ 29,817,873</u>	<u>\$ 30,519,137</u>	<u>\$ 1,605,057</u>	<u>\$ 14,593,372</u>	<u>\$ 28,041,924</u>	<u>\$ 27,853,703</u>	<u>\$ 1,123,973</u>	<u>\$ 15,905,566</u>

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

The accompanying financial statement presents the financial information for the School Corporation.

**B. Basis of Accounting**

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

*E. Disbursements*

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

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

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

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

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

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

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

Interfund loans which include money 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.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*F. Other Financing Sources and Uses*

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

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

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

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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



HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

Indiana Public Retirement System  
One North Capitol, Suite 001  
Indianapolis, IN 46204  
Ph. (888) 526-1687

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

*Funding Policy and Annual Pension Cost*

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

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 and 2014.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into a capital lease with Hamilton Heights School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the fiscal year 2013 and fiscal year 2014 totaled \$2,475,000 and \$2,475,000, respectively.

**Note 9. *Subsequent Event***

On October 23, 2014, a resolution was passed by the School Board authorizing the sale of bonds. This resolution authorized the issuance of \$1,450,000 general obligation bonds which were sold in December. The proceeds are to be used for the primary purpose of the design and construction of High School science labs, with an optional purpose for replacement of the High School chiller and laser the High School soccer fields. The bonds mature July 1, 2016.

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#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 3,748,596	\$ 1,958,772	\$ 84,594	\$ 719,001	\$ 1,027,815	\$ 565,927	\$ 4,761,746	\$ 120,702	\$ 21,000
Receipts:									
Local sources	525,774	3,976,916	162,326	1,653,871	1,642,744	227,940	-	-	-
Intermediate sources	17	-	-	-	-	-	-	-	-
State sources	13,217,578	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	400,000	-	-	1,727,697	-	-
Other	21,345	-	-	533	119,113	-	-	-	-
Total receipts	13,764,714	3,976,916	162,326	2,054,404	1,761,857	227,940	1,727,697	-	-
Disbursements:									
Current:									
Instruction	8,751,160	-	-	-	-	-	-	13,137	-
Support services	4,499,914	11,232	-	1,014,426	1,503,484	266,298	-	-	-
Noninstructional services	280,694	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	741,536	-	-	874,047	-	21,000
Debt services	-	4,063,692	160,884	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	400,000	-	-	525,000	-	-
Total disbursements	13,531,768	4,074,924	160,884	2,155,962	1,503,484	266,298	1,399,047	13,137	21,000
Excess (deficiency) of receipts over disbursements	232,946	(98,008)	1,442	(101,558)	258,373	(38,358)	328,650	(13,137)	(21,000)
Other financing sources:									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	6,617	-	-	3,281	-	-	-	-	-
Total other financing sources	6,617	-	-	3,281	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	239,563	(98,008)	1,442	(98,277)	258,373	(38,358)	328,650	(13,137)	(21,000)
Cash and investments - ending	\$ 3,988,159	\$ 1,860,764	\$ 86,036	\$ 620,724	\$ 1,286,188	\$ 527,569	\$ 5,090,396	\$ 107,565	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Go Bond 2012	Go Bond 2013	School Lunch	Textbook Rental	2012 EC Summer Enrichment	2012 FIATS Summer Enrichment	2013 EC Summer Enrichment	HHEF Donations	Joe Booker Constitutionally LI
Cash and investments - beginning	\$ -	\$ -	\$ 476,511	\$ 111,861	\$ (4,479)	\$ (1,535)	\$ -	\$ 3,724	\$ -
Receipts:									
Local sources	-	-	719,231	191,908	-	-	-	8,511	40,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	15,201	64,316	-	-	-	-	-
Federal sources	-	-	419,343	-	7,593	2,844	-	-	-
Interfund loans	-	-	-	125,000	-	-	-	-	-
Other	-	-	1,735	4,304	-	-	-	-	-
Total receipts	-	-	1,155,510	385,528	7,593	2,844	-	8,511	40,000
Disbursements:									
Current:									
Instruction	-	-	-	-	2,393	487	2,527	6,794	-
Support services	200,191	-	6,116	71,529	721	822	563	-	-
Noninstructional services	-	-	1,033,164	-	-	-	-	-	-
Facilities acquisition and construction	83,714	-	33	-	-	-	-	-	35,693
Debt services	34,059	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	952,697	-	-	375,000	-	-	-	-	-
Total disbursements	1,270,661	-	1,039,313	446,529	3,114	1,309	3,090	6,794	35,693
Excess (deficiency) of receipts over disbursements	(1,270,661)	-	116,197	(61,001)	4,479	1,535	(3,090)	1,717	4,307
Other financing sources:									
Proceeds of long-term debt	1,594,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	1,159	-	-	-	-	-
Total other financing sources	1,594,000	-	-	1,159	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	323,339	-	116,197	(59,842)	4,479	1,535	(3,090)	1,717	4,307
Cash and investments - ending	<u>\$ 323,339</u>	<u>\$ -</u>	<u>\$ 592,708</u>	<u>\$ 52,019</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,090)</u>	<u>\$ 5,441</u>	<u>\$ 4,307</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	PTO Donations -PS/ES Playground	Cicero American Legion Auxiliary Grant	Marathon/ Sahgill Oil Company	Swimming Program	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	E/S Donation PTO Magazine Sale	P/S Clinic PTO Donation	Dean Small Scholarship
Cash and investments - beginning	\$ -	\$ 1,460	\$ 2,288	\$ 1,149	\$ 331	\$ 1,245	\$ 10,538	\$ 765	\$ -
Receipts:									
Local sources	29,749	-	-	-	-	4,000	2,537	-	1,000
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	29,749	-	-	-	-	4,000	2,537	-	1,000
Disbursements:									
Current:									
Instruction	-	-	338	-	-	-	1,912	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	22,180	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	22,180	-	338	-	-	-	1,912	-	-
Excess (deficiency) of receipts over disbursements	7,569	-	(338)	-	-	4,000	625	-	1,000
Other financing sources:									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,569	-	(338)	-	-	4,000	625	-	1,000
Cash and investments - ending	<u>\$ 7,569</u>	<u>\$ 1,460</u>	<u>\$ 1,950</u>	<u>\$ 1,149</u>	<u>\$ 331</u>	<u>\$ 5,245</u>	<u>\$ 11,163</u>	<u>\$ 765</u>	<u>\$ 1,000</u>



HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Dave Sheller Memorial Scholars	P/S Donation PTO Magazine Sale	Heidi O'Rear Scholarship 99	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One-on-One Community (Library)	Wellness Program WV/WCI Trust
Cash and investments - beginning	\$ 6,685	\$ 20,252	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 4,335
Receipts:									
Local sources	-	3,072	-	-	-	-	-	-	487
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	3,072	-	-	-	-	-	-	487
Disbursements:									
Current:									
Instruction	-	8,749	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	1,730
Noninstructional services	-	-	-	-	-	-	-	-	988
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	8,749	-	-	-	-	-	-	2,718
Excess (deficiency) of receipts over disbursements	-	(5,677)	-	-	-	-	-	-	(2,231)
Other financing sources:									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,677)	-	-	-	-	-	-	(2,231)
Cash and investments - ending	\$ 6,685	\$ 14,575	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 2,104

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Middle School PSEO	High Ability Grant 2011/2012	High Ability 2012-2013	High Ability 2013-2014	2013-2014 HA NAGC	Common School Technology	Common School A1640	Common School A1687	Early Childhood Intervention (First Steps)
Cash and investments - beginning	\$ 4,626	\$ 308	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	700	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	32,765	-	-	214,137	210,497	107,798	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	32,765	-	-	214,137	211,197	107,798	-
Disbursements:									
Current:									
Instruction	2,299	308	27,016	-	-	-	-	-	-
Support services	-	-	-	-	-	214,137	211,197	151,886	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	2,299	308	27,016	-	-	214,137	211,197	151,886	-
Excess (deficiency) of receipts over disbursements	(2,299)	(308)	5,749	-	-	-	-	(44,088)	-
Other financing sources:									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,299)	(308)	5,749	-	-	-	-	(44,088)	-
Cash and investments - ending	<u>\$ 2,327</u>	<u>\$ -</u>	<u>\$ 5,749</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,088)</u>	<u>\$ -</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Secured Schools SA	Non-English Speaking Program 11/12	Non-English Speaking Program 12/13	Non-English Speaking Program 13/14	School Technology	Pay For Performance Grant	Performance Grant	Special Education Improvement Grant
Cash and investments - beginning	\$ -	\$ 1,075	\$ -	\$ -	\$ 75,219	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	1,037	-	14,142	165,167	-	-
Federal sources	-	-	-	-	-	-	-	61,554
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	1,037	-	14,142	165,167	-	61,554
Disbursements:								
Current:								
Instruction	-	1,075	-	-	-	145,812	-	62,526
Support services	-	-	-	-	4,181	19,355	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	1,075	-	-	4,181	165,167	-	62,526
Excess (deficiency) of receipts over disbursements	-	(1,075)	1,037	-	9,961	-	-	(972)
Other financing sources:								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,075)	1,037	-	9,961	-	-	(972)
Cash and investments - ending	\$ -	\$ -	\$ 1,037	\$ -	\$ 85,180	\$ -	\$ -	\$ (972)

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Senator David Ford Technology	Title I FY 2012 (11/12)	Title I 2012-2013	Title I 2013-2014	Part B Federal Grant	Part B TA Grant FY	Part B FY13 Subgra	Title IIA FY10
Cash and investments - beginning	\$ -	\$ (6,688)	\$ -	\$ -	\$ (7,059)	\$ -	\$ -	\$ (1,056)
Receipts:								
Local sources	-	-	-	-	-	-	-	(252)
Intermediate sources	-	-	-	-	-	-	-	-
State sources	1,990	-	-	-	-	-	-	-
Federal sources	-	50,119	165,456	-	45,498	-	-	35,638
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	1,990	50,119	165,456	-	45,498	-	-	35,386
Disbursements:								
Current:								
Instruction	-	43,431	144,529	-	38,439	-	-	17,655
Support services	1,990	-	68,704	-	-	-	-	16,675
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	1,990	43,431	213,233	-	38,439	-	-	34,330
Excess (deficiency) of receipts over disbursements	-	6,688	(47,777)	-	7,059	-	-	1,056
Other financing sources:								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Total other financing sources	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	6,688	(47,777)	-	7,059	-	-	1,056
Cash and investments - ending	\$ -	\$ -	\$ (47,777)	\$ -	\$ -	\$ -	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2013  
(Continued)

	Title IIA FY11	Title IIA FY 2012	Title III	Title III 2012-2013	Title III 13-14	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (29,168)	\$ 3,632	\$ 13,689,579
Receipts:								
Local sources	-	-	-	-	-	-	-	9,190,514
Intermediate sources	-	-	-	-	-	-	-	17
State sources	-	-	-	-	-	-	-	14,044,628
Federal sources	37,757	-	2,096	643	-	65,821	-	894,362
Interfund loans	-	-	-	-	-	-	-	2,252,697
Other	-	-	-	-	-	-	3,288,625	3,435,655
Total receipts	37,757	-	2,096	643	-	65,821	3,288,625	29,817,873
Disbursements:								
Current:								
Instruction	-	-	2,096	643	-	19,454	-	9,292,780
Support services	49,271	-	-	-	-	17,199	-	8,331,621
Noninstructional services	-	-	-	-	-	-	-	1,314,846
Facilities acquisition and construction	-	-	-	-	-	-	-	1,778,203
Debt services	-	-	-	-	-	-	-	4,258,635
Nonprogrammed charges	-	-	-	-	-	-	3,290,355	3,290,355
Interfund loans	-	-	-	-	-	-	-	2,252,697
Total disbursements	49,271	-	2,096	643	-	36,653	3,290,355	30,519,137
Excess (deficiency) of receipts over disbursements	(11,514)	-	-	-	-	29,168	(1,730)	(701,264)
Other financing sources:								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,594,000
Sale of capital assets	-	-	-	-	-	-	-	11,057
Total other financing sources	-	-	-	-	-	-	-	1,605,057
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(11,514)	-	-	-	-	29,168	(1,730)	903,793
Cash and investments - ending	\$ (11,514)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,902	\$ 14,593,372

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	Construction
Cash and investments - beginning	\$ 3,988,159	\$ 1,860,764	\$ 86,036	\$ 620,724	\$ 1,286,188	\$ 527,569	\$ 5,090,396	\$ 107,565	\$ -
Receipts:									
Local sources	603,058	4,146,054	152,484	1,755,705	1,642,737	270,582	-	-	-
Intermediate sources	38	-	-	-	-	-	-	-	-
State sources	13,156,449	-	-	(2,828)	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	200,000	-	-
Other	1,745	-	-	194,949	122,848	-	-	-	-
Total receipts	13,761,290	4,146,054	152,484	1,947,826	1,765,585	270,582	200,000	-	-
Disbursements:									
Current:									
Instruction	8,871,604	-	-	-	-	-	-	-	-
Support services	4,618,205	23,843	-	1,011,477	1,477,218	274,516	-	20,800	-
Noninstructional services	298,061	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	550,954	-	-	230,956	-	-
Debt services	-	3,984,059	152,358	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	200,000	-	-
Total disbursements	13,787,870	4,007,902	152,358	1,562,431	1,477,218	274,516	430,956	20,800	-
Excess (deficiency) of receipts over disbursements	(26,580)	138,152	126	385,395	288,367	(3,934)	(230,956)	(20,800)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	3,973	-	-	-	-	-
Transfers in	-	-	-	-	-	-	248,537	-	-
Transfers out	-	-	-	-	(248,537)	-	-	-	-
Total other financing sources (uses)	-	-	-	3,973	(248,537)	-	248,537	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,580)	138,152	126	389,368	39,830	(3,934)	17,581	(20,800)	-
Cash and investments - ending	\$ 3,961,579	\$ 1,998,916	\$ 86,162	\$ 1,010,092	\$ 1,326,018	\$ 523,635	\$ 5,107,977	\$ 86,765	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2014  
 (Continued)

	Go Bond 2012	Go Bond 2013	School Lunch	Textbook Rental	2012 EC Summer Enrichment	2012 FIATS Summer Enrichment	2013 EC Summer Enrichment	HHEF Donations	Joe Booker Constitutionally LI
Cash and investments - beginning	\$ 323,339	\$ -	\$ 592,708	\$ 52,019	\$ -	\$ -	\$ (3,090)	\$ 5,441	\$ 4,307
Receipts:									
Local sources	-	-	696,623	129,977	-	-	-	11,146	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	14,353	78,604	-	-	-	-	-
Federal sources	-	-	411,270	-	-	-	-	-	-
Interfund loans	-	-	-	200,000	-	-	-	-	-
Other	-	-	800	300	-	-	-	-	-
Total receipts	-	-	1,123,046	408,881	-	-	-	11,146	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	(2,527)	13,833	-
Support services	165,798	-	800	172,292	-	-	(563)	-	-
Noninstructional services	-	-	1,006,396	-	-	-	-	-	-
Facilities acquisition and construction	-	347,234	-	-	-	-	-	-	2,030
Debt services	1,855	31,170	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	119,901	-	-	-	-	-	-
Interfund loans	-	-	-	125,000	-	-	-	-	-
Total disbursements	167,653	378,404	1,127,097	297,292	-	-	(3,090)	13,833	2,030
Excess (deficiency) of receipts over disbursements	(167,653)	(378,404)	(4,051)	111,589	-	-	3,090	(2,687)	(2,030)
Other financing sources (uses):									
Proceeds of long-term debt	-	1,195,000	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	(50,000)	-	(75,000)	-	-	-	-	-
Total other financing sources (uses)	-	1,145,000	-	(75,000)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(167,653)	766,596	(4,051)	36,589	-	-	3,090	(2,687)	(2,030)
Cash and investments - ending	\$ 155,686	\$ 766,596	\$ 588,657	\$ 88,608	\$ -	\$ -	\$ -	\$ 2,754	\$ 2,277

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	PTO Donations -PS/ES Playground	Cicero American Legion Auxiliary Grant	Marathon/ Sahgill Oil Company	Swimming Program	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	E/S Donation PTO Magazine Sale	P/S Clinic PTO Donation	Dean Small Scholarship
Cash and investments - beginning	\$ 7,569	\$ 1,460	\$ 1,950	\$ 1,149	\$ 331	\$ 5,245	\$ 11,163	\$ 765	\$ 1,000
Receipts:									
Local sources	6,500	-	-	-	-	-	582	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,500	-	-	-	-	-	582	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	540	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	500	-	-	1,000
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	500	540	-	1,000
Excess (deficiency) of receipts over disbursements	6,500	-	-	-	-	(500)	42	-	(1,000)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,500	-	-	-	-	(500)	42	-	(1,000)
Cash and investments - ending	\$ 14,069	\$ 1,460	\$ 1,950	\$ 1,149	\$ 331	\$ 4,745	\$ 11,205	\$ 765	\$ -



HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Dave Sheller Memorial Scholars	P/S Donation PTO Magazine Sale	Heidi O'Rear Scholarship 99	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One-on-One Community (Library)	Wellness Program WV/WCI Trust
Cash and investments - beginning	\$ 6,685	\$ 14,575	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 2,104
Receipts:									
Local sources	-	2,506	-	-	-	-	-	-	3,960
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	2,506	-	-	-	-	-	-	3,960
Disbursements:									
Current:									
Instruction	-	7,587	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	3,000
Noninstructional services	-	-	-	-	-	-	-	-	1,380
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	7,587	-	-	-	-	-	-	4,380
Excess (deficiency) of receipts over disbursements	-	(5,081)	-	-	-	-	-	-	(420)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,081)	-	-	-	-	-	-	(420)
Cash and investments - ending	\$ 6,685	\$ 9,494	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,684

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Middle School PSEO	High Ability Grant 2011/2012	High Ability 2012-2013	High Ability 2013-2014	2013-2014 HA NAGC	Common School Technology	Common School A1640	Common School A1687	Early Childhood Intervention (First Steps)
Cash and investments - beginning	\$ 2,327	\$ -	\$ 5,749	\$ -	\$ -	\$ -	\$ -	\$ (44,088)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	33,521	14,608	-	-	102,700	6,025
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	33,521	14,608	-	-	102,700	6,025
Disbursements:									
Current:									
Instruction	-	-	5,749	30,083	14,608	-	-	-	3,352
Support services	-	-	-	-	-	-	-	58,612	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	5,749	30,083	14,608	-	-	58,612	3,352
Excess (deficiency) of receipts over disbursements	-	-	(5,749)	3,438	-	-	-	44,088	2,673
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(5,749)	3,438	-	-	-	44,088	2,673
Cash and investments - ending	\$ 2,327	\$ -	\$ -	\$ 3,438	\$ -	\$ -	\$ -	\$ -	\$ 2,673

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Secured Schools SA	Non-English Speaking Program 11/12	Non-English Speaking Program 12/13	Non-English Speaking Program 13/14	School Technology	Pay For Performance Grant	Performance Grant	Special Education Improvement Grant
Cash and investments - beginning	\$ -	\$ -	\$ 1,037	\$ -	\$ 85,180	\$ -	\$ -	\$ (972)
Receipts:								
Local sources	-	-	-	-	23,748	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	818	22,145	-	315,000	-
Federal sources	-	-	-	-	-	-	-	8,425
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	818	45,893	-	315,000	8,425
Disbursements:								
Current:								
Instruction	-	-	1,037	229	-	-	315,000	7,453
Support services	-	-	-	-	24,217	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	1,037	229	24,217	-	315,000	7,453
Excess (deficiency) of receipts over disbursements	-	-	(1,037)	589	21,676	-	-	972
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	50,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	50,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	50,000	-	(1,037)	589	21,676	-	-	972
Cash and investments - ending	\$ 50,000	\$ -	\$ -	\$ 589	\$ 106,856	\$ -	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Senator David Ford Technology	Title I FY 2012 (11/12)	Title I 2012-2013	Title I 2013-2014	Part B Federal Grant	Part B TA Grant FY	Part B FY13 Subgra	Title IIA FY10
Cash and investments - beginning	\$ -	\$ -	\$ (47,777)	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	91,554	137,468	-	6,878	51,687	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	91,554	137,468	-	6,878	51,687	-
Disbursements:								
Current:								
Instruction	-	-	25,460	97,875	-	6,878	51,687	-
Support services	-	-	17,681	57,210	-	-	-	-
Noninstructional services	-	-	636	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	43,777	155,085	-	6,878	51,687	-
Excess (deficiency) of receipts over disbursements	-	-	47,777	(17,617)	-	-	-	-
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	-	-	47,777	(17,617)	-	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (17,617)	\$ -	\$ -	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Year Ended June 30, 2014  
(Continued)

	Title IIA FY11	Title IIA FY 2012	Title III	Title III 2012-2013	Title III 13-14	Education Jobs	Payroll Clearing	Totals
Cash and investments - beginning	\$ (11,514)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,902	\$ 14,593,372
Receipts:								
Local sources	-	-	-	-	-	-	-	9,445,662
Intermediate sources	-	-	-	-	-	-	-	38
State sources	-	-	-	-	-	-	-	13,741,395
Federal sources	15,251	32,492	-	-	2,994	-	-	758,019
Interfund loans	-	-	-	-	-	-	-	400,000
Other	-	-	-	-	-	-	3,376,168	3,696,810
Total receipts	15,251	32,492	-	-	2,994	-	3,376,168	28,041,924
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	9,450,448
Support services	3,737	42,857	-	-	2,994	-	-	7,974,694
Noninstructional services	-	-	-	-	-	-	-	1,306,473
Facilities acquisition and construction	-	-	-	-	-	-	-	1,131,174
Debt services	-	-	-	-	-	-	-	4,169,442
Nonprogrammed charges	-	-	-	-	-	-	3,375,071	3,496,472
Interfund loans	-	-	-	-	-	-	-	325,000
Total disbursements	3,737	42,857	-	-	2,994	-	3,375,071	27,853,703
Excess (deficiency) of receipts over disbursements	11,514	(10,365)	-	-	-	-	1,097	188,221
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	1,195,000
Sale of capital assets	-	-	-	-	-	-	-	3,973
Transfers in	-	-	-	-	-	-	-	298,537
Transfers out	-	-	-	-	-	-	-	(373,537)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,123,973
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	11,514	(10,365)	-	-	-	-	1,097	1,312,194
Cash and investments - ending	\$ -	\$ (10,365)	\$ -	\$ -	\$ -	\$ -	\$ 2,999	\$ 15,905,566

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 868,680</u>	<u>\$ 3,468,259</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Hamilton Heights School Building Corporation	Primary School building	\$ 2,475,000	5/12/2006	1/15/2019
Total of annual lease payments		<u>\$ 2,475,000</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2008 GO Bond	\$ 555,000	\$ 564,713
General obligation bonds	2012 GO Bond	1,600,000	405,415
General obligation bonds	2013 GO Bond	1,135,000	455,120
Revenue bonds	Pension Bond	530,000	155,062
Notes and loans payable	Common School Loan A0340 MS	59,175	60,654
Notes and loans payable	Common School Loan A1605 Technology	133,836	54,739
Notes and loans payable	Common School Loan A1640 Technology	189,447	43,889
Notes and loans payable	Common School Loan	<u>210,497</u>	<u>45,332</u>
Total governmental activities		<u>4,412,955</u>	<u>1,784,924</u>
Totals		<u>\$ 4,412,955</u>	<u>\$ 1,784,924</u>

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

TO: THE OFFICIALS OF THE HAMILTON HEIGHTS SCHOOL  
CORPORATION, HAMILTON COUNTY, INDIANA

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

We have audited the Hamilton Heights School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

***Management's Responsibility***

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

***Auditor's Responsibility***

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

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

***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 of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE  
(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 our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003 and 2014-004 to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

March 19, 2015

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#### SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	#71813	\$ 67,750	\$ 68,445
National School Lunch Program	Indiana Department of Education	10.555	#71813	424,610	410,156
Total - Child Nutrition Cluster				492,360	478,601
Child and Adult Care Food Program	Indiana Department of Education	10.558	#71812	2,865	3,653
Total - Department of Agriculture				495,225	482,254
<u>Department of Education</u>					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
Part B TA Grant FY 2014 (5253)			99914-141-PN01	-	6,878
Special Ed Improvement Grant (3953)			FY 12-13	61,554	8,425
Part B FY 2012 (5252)			FY 12-13	55,935	-
Part B FY 2013 Subgrant (5254)			FY 13-14	-	51,687
FY 2013 Federal Part B 611			14213-025-PN01	326,660	73,704
FY 2014 Federal Part B 611			14214-025-PN01	-	381,619
Total for Program				444,149	522,313
Special Education - Preschool Grants	Indiana Department of Education	84.173			
FY 2013 Federal Part B 611			45713-025-PN01	11,488	3,992
FY 2014 Federal Part B 611			45714-025-PN01	-	14,299
Total for Program				11,488	18,291
Total - Special Education Cluster				455,637	540,604
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010			
Title I 2013-2014 (4181)			FY 13-14	-	137,468
Title I 2012-2013 (4180)			FY 12-13	165,456	91,554
Title I 2011-2012 (4170)			FY 11-12	50,119	-
Total for Program				215,575	229,022
Total - Title I, Part A Cluster				215,575	229,022
English Language Acquisition State Grants	Wabash Valley Education Center	84.365			
Title III 13-14 (6885)			FY 13-14	-	2,994
Title III 12-13 (6884)			FY 12-13	643	-
Title III 11-12 (6883)			FY 11-12	2,096	-
Total for Program				2,739	2,994
Improving Teacher Quality State Grants	Indiana Department of Education	84.367			
Title IIA FY 2012 (6845)			FY 11-12	-	32,492
Title IIA FY 2010 (6843)			FY 09-10	35,639	-
Title IIA FY11 (6844)			FY 10-11	37,757	15,251
Total for Program				73,396	47,743
Education Jobs Fund	Indiana Department of Education	84.410			
Education Jobs Fund (7965)			FY 12-13	65,821	-
Total - Department of Education				813,168	820,363
Total federal awards expended				\$ 1,308,393	\$ 1,302,617

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

**Note 1. Basis of Presentation**

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

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

**Note 2. Noncash Assistance**

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 75,538	\$ 70,877



HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

<u>                    Name of Federal Program or Cluster                    </u>
Child Nutrition Cluster
Title I, Part A Cluster

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

Auditee qualified as low-risk auditee?	no
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**Section II - Financial Statement Findings**

**FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation Treasurer prepared and submitted the SEFA through the Gateway system; however, there was no additional oversight of the SEFA information. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

During the audit of the SEFA, we noted the following errors: (a) total federal expenditures were incorrectly reported; (b) expenditures and information such as grantor agency, program title, pass-through entity, Catalog of Federal Domestic Assistance (CFDA) number, and pass-through identifying number were omitted for some grant awards. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

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

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

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING***

We noted the following deficiencies in the internal control system of the School Corporation related to financial transactions and reporting of receipts.

1. The School Corporation had not sufficiently separated activities related to receipting Electronic Fund Transactions (EFT). The School Corporation Treasurer received the EFT notice of funds deposited in the bank, issued the receipt, and then posted the receipt to the ledger. There was no review process for the posting to the ledger. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.
2. Controls over receipting of textbook rental fees and school lunch monies received at the Extra-Curricular Account (ECA) level had not been established. The textbook rental fees and school lunch monies were collected at each school building on a daily basis. The funds were reconciled daily by the designated official, who would verify the money received to the Daily Collection Report. The designated individual deposited the daily collections and sent the bank deposit slips to the School Corporation for receipt into the ledger. All processes in the reconciliation and deposit were handled by the designated official; therefore, no verification was performed to determine the amount deposited agreed with the Daily Collection Report. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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

***FINDING 2014-003 - INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD NUTRITION CLUSTER***

Federal Agency: Department of Agriculture

Federal Program: School Breakfast Program and National School Lunch Program

CFDA Number: 10.553 and 10.555

Federal Award Number and Year (or Other Identifying Number): FY13 - 71813 and FY14 - 71813

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Eligibility, Program Income, Reporting, and Special Tests and Provisions. Various individuals were solely responsible for performing activities related to the Child Nutrition Cluster's compliance requirements without proper oversight, reviews, or approvals.

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Activities Allowed or Unallowed and Allowable Costs/Cost Principles internal controls for payroll were not adequate. After a payroll computer program change beginning January 2013, no one reviewed the individuals paid from by the Food Service Fund. Without a review of the individual payroll postings, nonallowable payroll costs could be posted as an expense and go undetected.

The Food Service Director (FSD) performed many of the procedures related to the compliance requirements of the grant. The FSD completed the initial eligibility determination of the Free and Reduced Applications submitted by students, resulting in determining whether students qualified for the program (Eligibility). The FSD was the sole person preparing and submitting the Verification Summary and the monthly Reimbursement Requests (Reporting). Paid Lunch Equity (Special Test and Provision) was completed by the FSD. Similarly in 2013, the FSD was the only reviewer for the Verification of Free and Reduced applications (Special Test and Provision).

The School Corporation Treasurer was responsible for many of the financial aspects of the programs. The School Corporation Treasurer calculated indirect costs (Allowable Costs), determined the amount of cash allowed on hand in the Food Service Fund (Cash Management), and was sole person receipting into the Food Service Fund (Special Test and Provision). The Annual Financial Report (Reporting) was prepared and submitted by the School Corporation Treasurer at the end of each year.

The Extra-Curricular Treasurer was the sole person reviewing cash collections (Program Income) before depositing funds in the bank.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements that have a direct and material effect on the programs.

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

***FINDING 2014-004 - INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS  
THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): FY 11-12, FY 12-13, and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowable or Unallowable, Allowable Costs/Cost Principles, Cash Management, Matching, Level of Effort, Earmarking, Period of Availability, Reporting, and Special Tests and Provisions. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

*Activities Allowed or Unallowed, Allowable Costs/Cost Principles,  
Cash Management, Period of Availability, and Reporting*

These compliance requirements were performed by the School Corporation Treasurer. There was no documented review of the activities performed.

*Matching, Level of Effort, Earmarking, Special Test and Provisions -  
Highly Qualified Teachers and Paraprofessionals*

These compliance requirements were performed by the Title I Director. There was no documented review of the earmarking reports, private schools in the area, or new hires. Without review, material noncompliance in these compliance requirements may occur or be undetected.

*Special Tests and Provisions - Annual Report Card/High School Graduation Rate*

This compliance requirement was prepared by the School Registrar. There was no documented review of the Real-Time Reports prior to submission.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

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

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the program.

#### AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

## CORRECTIVE ACTION PLAN

### FINDING 2014 - 001 PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Contact Person Responsible for Corrective Action: Kristin McCarty  
Contact Phone Number: (317) 984-3538 ext. 5011

#### Description of Corrective Action Plan:

This finding included internal control review procedures and audit adjustments proposed and made to the SEFA by the State Board of Accounts auditors.

The Schedule of Expenditures of Federal Awards (SEFA) was a new report that schools were required to complete per IC 5-11-1-4. At the time of completing the report, it was not clear what this report was to be used for and thus, was completed to the best of our knowledge at the time. The State Board of Accounts auditors, during the review of the SEFA, explained the report in detail and helped in understanding what to report, where to report, and where to obtain information regarding CFDA numbers and pass-through information.

With a better understanding of this reporting requirement, the report will be completed annually, if possible, with internal review and approval documented prior to submission.

Anticipated Completion Date: February 26, 2015

Kristin McCarty  
(Signature)  
Business Manager  
(Title)  
3/4/2015  
(Date)





## CORRECTIVE ACTION PLAN

### FINDING 2014 – 002 INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Contact Person Responsible for Corrective Action: Kristin McCarty

Contact Phone Number: (317) 984-3538 ext. 5011

#### Description of Corrective Action Plan:

This finding consists of two internal control issues both of which have been reviewed and corrected.

1. EFT transactions: the school corporation receives funds from the state through EFT transactions for monthly basic grant, state grant, and federal grant reimbursement requests. The Corporation Treasurer receives an email twice per month from DOE listing the payments to be received through an EFT transaction. The state also mails a remittance advice form to the corporation, which is then verified against the DOE 54 report and reimbursement requests submitted.

The Business Manager now reviews the remittance advice forms for all EFT transactions and verifies amount to reimbursement request forms included in payment.

2. Textbook fees and school lunch monies: the Corporation Student Receivables Treasurer receives student textbook rental fees and school lunch payments for all schools within the corporation. A summary form is forwarded to the Corporation Treasurer for receipt into the proper corporation funds. The deposit is made to the corporation checking account by the Corporation Student Receivables Treasurer or Corporation ECA Treasurer daily.

The Corporation Treasurer now receives documentation generated from Alio Cash, student fee management software, and Kidserve/One Source, school lunch management software, verifying deposit made to the corporation checking account.

Anticipated Completion Date: February 17, 2015

Kristin McCarty  
(Signature)  
Business Manager  
(Title)  
3/4/2015  
(Date)



## CORRECTIVE ACTION PLAN

### FINDING 2014 – 003 INTERNAL CONTROL OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO CHILD NUTRITION CLUSTER

Contact Person Responsible for Corrective Action: Kristin McCarty

Contact Phone Number: (317) 984-3538 ext. 5011

#### Description of Corrective Action Plan:

This finding includes several internal control review procedures that may have taken place but not documented. Most of the items listed below have already been corrected.

1. Food Service Director (FSD) procedures: The FSD initiates and completes many of the processes required for the school nutrition program.
  - a. Free and Reduced applications and Verification – another food service employee has been instructed on reviewing applications and verification documents and will initial and date upon review.
  - b. Reimbursement requests – another food service employee has been instructed on reviewing monthly reimbursement requests and will initial and date upon review. The Corporation Treasurer receives a copy of the reimbursement request to verify the EFT transaction.
  - c. Paid Lunch Equity – the FSD requests review by DOE and will now submit to Business Manager to review and document approval. The paid lunch equity and new prices are then board approved annually.
2. Corporation Treasurer procedures: The Corporation Treasurer initiates and completes many of the process's for the school nutrition program.
  - a. Indirect costs – rates are requested for each fiscal year from DOE. These rate are then applied to allowable expenditures to determine a possible indirect cost transfer. This process was completed in coordination with the Associate Superintendent but no documentation was provided. For future indirect cost transfers this calculation will include documentation of review and approval by Chief Financial Officer.
  - b. Cash allowed on hand – this calculation follows the same procedures as the indirect cost calculation above. Future cash allowed on hand calculations will include documentation of review and approval by Chief Financial Officer.
  - c. Annual financial report – the report was completed and reviewed with the FSD, but such review was not documented. All future reports will be prepared by the Corporation Treasurer and FSD with review and approvals documented.
3. Cash Collections: The corrective action plan for this item has been addressed in finding 2014 – 002. The Corporation Treasurer now receives documentation generated from Kidserve/One Source, school lunch management software, verifying deposit into the corporation checking account by the Corporation Student Receivables or ECA Treasurer.





Anticipated Completion Date: February 17, 2015

Kristin McEnty  
(Signature)

Business Manager  
(Title)

3/4/2015  
(Date)



## CORRECTIVE ACTION PLAN

### FINDING 2014 – 004 INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS THAT HAVE A DIRECT AND MATERIAL EFFECT TO TITLE I, PART A CLUSTER

Contact Person Responsible for Corrective Action: Kristin McCarty  
Contact Phone Number: (317) 984-3538 ext. 5011

#### Description of Corrective Action Plan:

This finding included several items related to documented review of processes. Although the majority of the items listed were reviewed, documentation of approval and review was not available. All future processes, including review and approval of grant application, reporting, new hire credential verification, and Real Time reporting will be clearly documented.

Anticipated Completion Date: February 26, 2015

Kristin McCarty  
(Signature)  
Business Manager  
(Title)  
3/4/2015  
(Date)



#### OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.