

**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, 2014 to June 30, 2016



**FILED**  
06/26/2017



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Caryn Provence	07-01-14 to 12-31-17
Superintendent of Schools	Dr. Derek Arrowood	01-01-14 to 06-30-20
President of the School Board	Rex McKinney Laura Reuter Rex McKinney Gwendalyn Hunter	01-01-14 to 12-31-14 01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



## 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, 2014 to June 30, 2016, and the related notes to the financial statement as listed in the Table of Contents.

### ***Management's Responsibility for the Financial Statement***

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

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

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

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

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

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

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

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

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, 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, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated April 26, 2017, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

  
Paul D. Joyce, CPA  
State Examiner

April 26, 2017



**STATE OF INDIANA**  
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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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 26, 2017, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control that we consider to be significant deficiencies. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be significant deficiencies.

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

**Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**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

April 26, 2017

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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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, 2015 and 2016

Fund	Cash and Investments 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 3,961,579	\$ 13,892,924	\$ 13,638,667	\$ (85,573)	\$ 4,130,263	\$ 14,669,617	\$ 14,156,245	\$ (63,905)	\$ 4,579,730
Debt Service	1,998,916	4,396,684	4,120,908	-	2,274,692	4,710,756	5,608,630	-	1,376,818
Retirement/Severance Bond Debt Service	86,162	160,270	155,062	-	91,370	145,560	157,073	-	79,857
Capital Projects	1,010,092	1,824,748	1,805,781	1,800	1,030,859	1,709,969	2,231,496	78,104	587,436
School Transportation	1,326,018	1,721,528	1,439,328	(19,576)	1,588,642	1,669,216	1,404,970	(229,678)	1,623,210
School Bus Replacement	523,635	234,731	286,708	-	471,658	246,241	317,251	-	400,648
Rainy Day	5,107,977	13,425	38,327	-	5,083,075	377,035	421,655	214,076	5,252,531
Post-Retirement/Severance Future Benefits	86,765	-	77,059	-	9,706	-	9,706	-	-
2012 G.O. Bond	155,686	-	85,808	-	69,878	-	55,793	-	14,085
2013 G.O. Bond	766,596	-	766,746	150	-	-	-	-	-
2014 G.O. Bond	-	-	313,956	1,469,870	1,155,914	-	1,155,914	-	-
2015 G.O. Bond	-	-	-	-	-	-	824,162	1,925,000	1,100,838
School Lunch	571,780	1,185,555	1,559,499	(11,153)	186,683	1,248,677	1,259,466	(10,980)	164,914
Textbook Rental	88,608	260,026	191,817	198	157,015	295,150	196,927	(76,936)	178,302
Self-Insurance	-	-	3,494	79,664	76,170	-	23,178	78,429	131,421
Levy Excess	-	131	-	-	131	-	-	-	131
HH Education Foundation	2,754	13,503	10,686	-	5,571	10,749	13,438	-	2,882
Joe Booker Plaza	2,277	-	600	-	1,677	-	300	-	1,377
PS/ES PTO Donation	14,069	1,067	9,393	-	5,743	-	-	-	5,743
Cicero American Legion Auxiliary Grant	1,460	-	-	-	1,460	-	-	-	1,460
Marathon/Sahgill Oil Company	1,950	-	-	-	1,950	-	-	-	1,950
Swimming Program	1,149	-	-	-	1,149	-	-	-	1,149
Miscellaneous Donations to HHMS	331	-	-	-	331	6,256	-	-	6,587
Matt Cahill Memorial Scholarship	4,745	-	500	-	4,245	-	500	-	3,745
ES Magazine	11,205	5,706	6,450	-	10,461	1,628	6,808	-	5,281
PS Clinic PTO Donation	765	-	-	-	765	-	-	-	765
Dave Sheller Memorial Scholarship	6,685	-	-	-	6,685	-	-	-	6,685
PS Magazine	9,494	2,255	5,336	-	6,413	4,571	2,526	-	8,458
Heidi O'Rear Scholarship	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-to-One Community	436	-	-	-	436	-	-	-	436
Wellness Program WV/WCI Trust	1,684	8,056	8,258	-	1,482	-	-	-	1,482
MS PSEO	2,327	-	-	-	2,327	-	1,324	-	1,003
Formative Assessment	-	-	-	-	-	30,753	-	(30,753)	-
High Ability 2013-2014	3,438	-	3,438	-	-	-	-	-	-
2013-2014 HA NAGC	-	-	-	-	-	-	-	-	-
High Ability 2014-2015	-	34,175	28,113	-	6,062	-	6,062	-	-
High Ability 2015-2016	-	-	-	-	-	34,849	29,991	-	4,858
Common School A189	-	-	83,220	-	(83,220)	214,851	131,631	-	-
Early Literacy Intervention	2,673	-	2,673	-	-	-	-	-	-
2014-2015 PS Early Literacy	-	9,387	7,266	-	2,121	-	2,121	-	-
2015-2016 Early Literacy	-	-	-	-	-	10,000	2,988	-	7,012
Secured Schools Safety Grant	50,000	93,567	190,296	50,000	3,271	6,433	88,540	50,000	(28,836)
Non-English Speaking Program 2013-2014	589	-	589	-	-	-	-	-	-
Non-English Speaking Program 2015-2016	-	-	-	-	-	2,771	2,771	-	-
School Technology	106,856	16,150	-	-	123,006	24,213	-	-	147,219
eLearning Pro Learning Grant	-	-	2,000	-	-	-	-	-	-
Title I 2013-2014	(17,617)	61,281	43,664	-	-	-	-	-	-
Title I 2014-2015	-	132,031	148,546	-	(16,515)	53,950	37,435	-	-
Title I 2015-2016	-	-	-	-	-	126,812	131,339	-	(4,527)
Part B FY14 Subgrant	-	62,798	62,798	-	-	-	-	-	-
Part B FY15 Subgrant	-	-	-	-	-	59,886	59,886	-	-
Title II-A FY2102	(10,365)	17,711	7,346	-	-	-	-	-	-
Title II-A FY2013	-	31,596	38,463	-	(6,867)	12,885	6,018	-	-
Title II-A FY2014	-	-	-	-	-	35,979	40,533	-	(4,554)
Title III 2013-2014	-	712	712	-	-	-	-	-	-
School Lunch Pre-Pay	16,877	697,460	283	(693,233)	20,821	698,827	719	(695,268)	23,661
Payroll Clearing	2,999	3,374,844	3,377,357	-	486	3,541,428	3,541,746	-	168
<b>Totals</b>	<b>\$ 15,905,566</b>	<b>\$ 28,254,321</b>	<b>\$ 28,521,147</b>	<b>\$ 792,147</b>	<b>\$ 16,430,887</b>	<b>\$ 29,949,062</b>	<b>\$ 31,929,142</b>	<b>\$ 1,238,089</b>	<b>\$ 15,688,896</b>

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, the following: school townships, school towns, school cities, consolidated school corporations, joint schools, metropolitan school districts, township school districts, county schools, united schools, school districts, cooperatives, educational service centers, community schools, community school corporations, and charter schools.

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

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

*B. Basis of Accounting*

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

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

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

*Other receipts.* Amounts received from various sources, including, but not limited to, the following: return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

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

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

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

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

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

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.* Amounts received in relation to the issuance of bonds or other long-term debt issues.

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

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, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. During the audit period, and currently, there are two positions 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.

*C. Additional Pension Plans*

The School Corporation also contributes to additional pension plans unique to the School Corporation.

*Classified Staff*

401(a) Contribution - In order to help the full-time classified staff and part-time certified licensed teacher operating in a primary teaching position not part of the collective bargaining unit prepare for retirement, the School Corporation will pay an annuity benefit equal to 3 percent of their base salary. Contributions are paid in July and January annually. This money

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

is paid by the School Corporation into a 401(a) plan in the employee's name paid to the policy providers as approved by the Hamilton Heights School Board of Trustees. Employees are immediately vested.

403(b) Severance/Retirement Contribution - Classified employees who work five (5) or more consecutive years with the School Corporation are eligible for a severance payment upon leaving the employment of the School Corporation. Employees who are discharged are not eligible for either severance or retirement. The severance payment shall be paid to the employee in a separate check and will be determined by the following formula:

$\$25 \times$  the years of service with the School Corporation; plus  
 $33\% \times$  the hourly rate earned at the time of resignation  $\times$  the number of sick and/or personal business hours accumulated.

This benefit is not applicable to employees hired after August 1, 2008.

Classified employees are eligible for a retirement payment from the School Corporation if they have worked a minimum of ten (10) consecutive years for the school system. The retirement payment is calculated by the following formula:

$\$25 \times$  the years of service with the School Corporation; plus  
 $90\% \times$  the hourly rate earned at the time of retirement  $\times$  the number of sick and/or personal business hours accumulated.

An employee who gives notice of retirement to the superintendent's office six (6) months in advance for the purpose of planning and training will be paid on a 100 percent basis for the sick time pay off. An employee who is forced to retire because of ill health (medical verification required) may receive retirement pay at this rate at the Board's discretion. Retirement benefits are distributed per the 403(b) Program.

This benefit is not applicable to employees hired after August 1, 2008.

*Certified Staff*

401(a) Benefits:

1. Board Contributions to Teacher 401(a) Accounts Benefit: The Board will contribute the following amounts annually to a 401(a) plan adopted in accordance with the procedures set forth in Article 5, Section H of the HHCTA 2015-2017 Master Contract on behalf of each teacher.

a. Years of Experience

0 - 5	6 - 10	11 - 15	16 +
\$650	\$750	\$850	\$950

b. Eligibility: All teachers on a regular or temporary contract are entitled to this benefit, except that, reemployed retired teachers shall not be entitled to further 401(a) contributions on their behalf upon their return to full or part-time employment except as otherwise may be required by law.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

- c. Vesting: This 401(a) benefit has no vesting requirement.
- 2. Excess Accumulated Sick Leave Day Benefit: Accumulated sick days in excess of 150, up to ten (10) days per year, shall, subject to applicable IRS funding limitations be cashed out and paid at the rate of \$35.00 per day into a teacher's 401(a) account.
  - a. Eligibility: Teachers who accumulate in excess of 150 sick leave days
  - b. Timing of Payments: Payments into the teacher's 401(a) account for excess sick leave days cashed out will be made after the end of the school year and before July 1 annually.
- 3. 401(a) Supplemental Benefits For Teachers Not Electing Group Health Insurance: The Board will contribute \$45 per month to a teacher's 401(a) account for a 12-month period for each teacher who elects this benefit in lieu of health insurance.

403(b) Benefits - Post Separation Accumulated Sick Leave:

- 1. Benefit Description
  - a. An amount equal to \$80 per accumulated sick leave day will be paid into a Teacher's post-separation 403(b) account if the teacher was hired before or during the 2001-2002 school year.
  - b. An amount equal to \$30 per day will be paid into the teacher's post-separation 403(b) account if the teacher was employed after the 2001-2002 school year.
- 2. Benefit Limitation. No sick leave days in excess of 150 shall accumulate for purposes of this benefit for any teacher hired after the 2001-2002 school year, or who elected to participate in the sick day buy-out of December 2003.
- 3. Eligibility. Only teachers with ten (10) or more years of service with this School Corporation who provide evidence of permanent retirement from the teaching profession shall qualify for this benefit.
- 4. Timing of Board Contributions. The first two \$2,000 of the benefit amount payable shall be paid by June 30, of the year of retirement as a part of the teacher's contract for their last year of preretirement employment. The remaining amount of this retirement benefit shall be contributed in three (3) separate payments spread over three (3) tax years into the teacher's post-separation 403(b) account.
- 5. Plan Maintenance. The Board will maintain a post-separation IRS tax qualified plan recommended by the Joint Retirement Committee described in Article 5, Section H of the HHCTA 2015-2017 Master Contract.

Medicare Bridge Program:

- 1. Buyout
  - a. Teachers who have not reached the age of 55 by June 30, 2016, but otherwise meet the qualifications for the Medicare Bridge Program Benefit by that date will receive a one-time contribution to the teacher's 401(a) retirement account equal

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

to the present value of \$1,500 per year times five, not to exceed \$7,500, maturing when the teacher reaches age 55 and assuming market growth at a rate of 7.5 percent per annum. (See Appendix A-2 of the HHCTA 2015-2017 Master Contract for breakdown of payments to eligible participants.)

- b. Teachers who fully meet the qualifications for the Medicare Bridge Program Benefit by June 30, 2016, including reaching the age of 55, will have the option to participate in the Medicare Program Benefit described in the Benefit Program Description below or to take the Buyout described in option (a) of the Buyout above.

2. Benefit Program Description

- a. The Board shall make a Medicare Bridge Program contribution to the qualified teacher's individual VEBA/HRA account in the amount of \$2,800 on September 15th of each year following the teacher's retirement until the teacher becomes eligible for full Medicare benefits or until the Board has made a maximum of five such contributions to the teacher's VEBA/HRA account, whichever comes sooner.
- b. Eligibility. To qualify for this Medicare Bridge Program, a teacher must meet the following requirements:
  1. Be employed on a regular or temporary teacher's contract during or before school year 2005-2006.
  2. Be at least 55 years of age by June 30, 2016, with the teacher's age in years plus the teacher's years of teaching experience totaling at least 85 by the first year he/she receives benefits from this program.
  3. Have at least 20 years of teaching experience for which credit has been granted by the Board, the last 15 of which have been in this School Corporation.
  4. Have applied to the Superintendent, in writing, for participation in the Program by December 1 of the teacher's last school year of employment, except in the event of unforeseen circumstances when the Board, at its discretion, may waive said notification date.
  5. Retired teachers reemployed pursuant to this Contract shall not forfeit rights vesting under this section, but shall not be eligible for additional Board contributions except as may otherwise be required by law.
  6. Provide evidence of permanent retirement from teaching.

*Administrative Staff*

In addition to the other retirement benefits granted by Article 5 of the Master Contract, administrators shall have \$3,000 deposited into a 457(b) account with the School Corporation vendor at the conclusion of each of their first five contract years as an administrator with the School Corporation, for a total of \$15,000 after five years. Should an administrator leave the School Corporation before retirement, the deposited money shall be vested with the following schedule:

HAMILTON HEIGHTS SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENT  
 (Continued)

Year	1	2	3	4	5	6
Percentage	0	20	40	60	80	100

**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.

**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 years 2015 and 2016 totaled \$2,475,000 and \$2,475,000, respectively.

**Note 9. Subsequent Events**

On September 15, 2016, a resolution was passed by the School Board authorizing the sale of bonds. This resolution authorized the issuance of \$3,185,000 general obligation bonds, which were sold in November. The proceeds are to be used for the primary purpose of the design and construction of the High School agriculture, engineering, band, choir, and business department upgrades, as well as auditorium upgrades, with an optional purpose of a High School greenhouse and sports locker rooms upgrade. The bond matures January 1, 2019.

On December 8, 2016, the Board of School Trustees approved a Project Hearing and Preliminary Determination Hearing to be held on December 22, 2016. The purpose of the hearing was to discuss and hear objections and support regarding the proposed renovation, improvement, grade reconfiguration, and efficiency projects consisting of the renovation of and improvements to Hamilton Heights High School, including site work, renovation and demolition of portions of Hamilton Heights Middle School and the renovation and expansion of the Hamilton Heights Elementary School and Hamilton Heights Primary School.

After the Project Hearing, the Board of School Trustees passed the Project Resolution with an estimated project cost of \$55,815,000. The total tax rate for the School Corporation is not anticipated to increase due to this project.

**Note 10. Other Postemployment Benefits**

The School Corporation provides to eligible retirees and their spouses the benefits described below. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

*Teacher Buyout Benefits*

1. \$4,000 paid into a 401(a) plan for 4 years beginning October 2012 with final payment in January 2015. One teacher received this benefit.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

2. The Board of School Trustees offered administrators that took early retirement, with an effective date of June 30, 2012, a health insurance incentive. The Board agreed to pay the cost of a single PPO plan with the highest offered deductible for a period of 4 years. One administrator took early retirement and received this benefit until September 30, 2016, the end date of the 2015-2016 benefit year.

*Retired Superintendent Benefit*

Retirement Health, Dental, and Vision Premiums - Beginning at the time of the Superintendent's retirement and continuing until he qualifies for Medicare insurance, the School Corporation will continue to pay for the Superintendent's health insurance plan which is currently in effect for the school employees, together with the cost of the group dental and vision insurance, except for one-dollar. The provision shall survive the Superintendent's retirement from the School Corporation and shall be binding upon the School Corporation through the time of the Superintendent's qualification for Medicare insurance.

**Note 11. Combined Funds**

Funds related to School Lunch and School Lunch Pre-Pay are reported individually in the current financial statement, but were combined into one fund for the prior financial statement.

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## OTHER INFORMATION - UNAUDITED

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

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

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

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 3,961,579	\$ 1,998,916	\$ 86,162	\$ 1,010,092	\$ 1,326,018	\$ 523,635	\$ 5,107,977
Receipts:							
Local sources	603,788	4,396,684	160,270	1,721,676	1,628,586	234,731	-
Intermediate sources	28	-	-	-	-	-	-
State sources	13,235,797	-	-	-	-	-	-
Federal sources	3,826	-	-	1,875	518	-	-
Interfund loans	-	-	-	13,425	-	-	13,425
Other receipts	49,485	-	-	87,772	92,424	-	-
Total receipts	<u>13,892,924</u>	<u>4,396,684</u>	<u>160,270</u>	<u>1,824,748</u>	<u>1,721,528</u>	<u>234,731</u>	<u>13,425</u>
Disbursements:							
Instruction	8,877,433	-	-	-	-	-	-
Support services	4,471,607	-	-	999,348	1,439,328	286,708	-
Noninstructional services	289,627	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	793,008	-	-	24,902
Debt services	-	4,120,908	155,062	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	13,425	-	-	13,425
Total disbursements	<u>13,638,667</u>	<u>4,120,908</u>	<u>155,062</u>	<u>1,805,781</u>	<u>1,439,328</u>	<u>286,708</u>	<u>38,327</u>
Excess (deficiency) of receipts over disbursements	<u>254,257</u>	<u>275,776</u>	<u>5,208</u>	<u>18,967</u>	<u>282,200</u>	<u>(51,977)</u>	<u>(24,902)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	12,709	-	-	1,800	653	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(98,282)	-	-	-	(20,229)	-	-
Total other financing sources (uses)	<u>(85,573)</u>	<u>-</u>	<u>-</u>	<u>1,800</u>	<u>(19,576)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>168,684</u>	<u>275,776</u>	<u>5,208</u>	<u>20,767</u>	<u>262,624</u>	<u>(51,977)</u>	<u>(24,902)</u>
Cash and investments - ending	<u>\$ 4,130,263</u>	<u>\$ 2,274,692</u>	<u>\$ 91,370</u>	<u>\$ 1,030,859</u>	<u>\$ 1,588,642</u>	<u>\$ 471,658</u>	<u>\$ 5,083,075</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, 2015  
 (Continued)

	Post- Retirement/ Severance Future Benefits	2012 G.O. Bond	2013 G.O. Bond	2014 G.O. Bond	2015 G.O. Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 86,765	\$ 155,686	\$ 766,596	\$ -	\$ -	\$ 571,780	\$ 88,608
Receipts:							
Local sources	-	-	-	-	-	713,225	205,925
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	14,162	54,001
Federal sources	-	-	-	-	-	455,978	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	2,190	100
Total receipts	-	-	-	-	-	1,185,555	260,026
Disbursements:							
Instruction	54,928	-	-	-	-	-	-
Support services	22,131	64,406	-	-	-	350	191,817
Noninstructional services	-	-	-	-	-	1,248,384	-
Facilities acquisition and construction	-	21,402	766,746	278,062	-	226,680	-
Debt services	-	-	-	35,894	-	-	-
Nonprogrammed charges	-	-	-	-	-	84,085	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	77,059	85,808	766,746	313,956	-	1,559,499	191,817
Excess (deficiency) of receipts over disbursements	(77,059)	(85,808)	(766,746)	(313,956)	-	(373,944)	68,209
Other financing sources (uses):							
Proceeds of long-term debt	-	-	150	1,469,870	-	-	-
Sale of capital assets	-	-	-	-	-	-	198
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(11,153)	-
Total other financing sources (uses)	-	-	150	1,469,870	-	(11,153)	198
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(77,059)	(85,808)	(766,596)	1,155,914	-	(385,097)	68,407
Cash and investments - ending	\$ 9,706	\$ 69,878	\$ -	\$ 1,155,914	\$ -	\$ 186,683	\$ 157,015

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, 2015  
 (Continued)

	Self- Insurance	Levy Excess	HH Education Foundation	Joe Booker Plaza	PS/ES PTO Donation	Cicero American Legion Auxiliary Grant	Marathon/ Sahgill Oil Company
Cash and investments - beginning	\$ -	\$ -	\$ 2,754	\$ 2,277	\$ 14,069	\$ 1,460	\$ 1,950
Receipts:							
Local sources	-	131	13,503	-	1,067	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	131	13,503	-	1,067	-	-
Disbursements:							
Instruction	-	-	10,686	-	-	-	-
Support services	3,494	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	600	9,393	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	3,494	-	10,686	600	9,393	-	-
Excess (deficiency) of receipts over disbursements	(3,494)	131	2,817	(600)	(8,326)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	79,664	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	79,664	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	76,170	131	2,817	(600)	(8,326)	-	-
Cash and investments - ending	<u>\$ 76,170</u>	<u>\$ 131</u>	<u>\$ 5,571</u>	<u>\$ 1,677</u>	<u>\$ 5,743</u>	<u>\$ 1,460</u>	<u>\$ 1,950</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, 2015  
 (Continued)

	Swimming Program	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	ES Magazine	PS Clinic PTO Donation	Dave Sheller Memorial Scholarship	PS Magazine
Cash and investments - beginning	\$ 1,149	\$ 331	\$ 4,745	\$ 11,205	\$ 765	\$ 6,685	\$ 9,494
Receipts:							
Local sources	-	-	-	5,706	-	-	2,255
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	5,706	-	-	2,255
Disbursements:							
Instruction	-	-	-	6,450	-	-	4,336
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,000
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	500	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	500	6,450	-	-	5,336
Excess (deficiency) of receipts over disbursements	-	-	(500)	(744)	-	-	(3,081)
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	-	-	(500)	(744)	-	-	(3,081)
Cash and investments - ending	<u>\$ 1,149</u>	<u>\$ 331</u>	<u>\$ 4,245</u>	<u>\$ 10,461</u>	<u>\$ 765</u>	<u>\$ 6,685</u>	<u>\$ 6,413</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, 2015  
 (Continued)

	Heidi O'Rear Scholarship	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One- to- One Community	Wellness Program WV/WCI Trust
Cash and investments - beginning	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,684
Receipts:							
Local sources	-	-	-	-	-	-	8,056
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	8,056
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	6,000
Noninstructional services	-	-	-	-	-	-	2,258
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	8,258
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(202)
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	-	-	-	-	-	-	(202)
Cash and investments - ending	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,482

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, 2015  
 (Continued)

	MS PSEO	Formative Assessment	High Ability 2013-2014	2013-2014 HA NAGC	High Ability 2014-2015	High Ability 2015-2016	Common School A189
Cash and investments - beginning	\$ 2,327	\$ -	\$ 3,438	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	34,175	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	34,175	-	-
Disbursements:							
Instruction	-	-	3,438	-	28,113	-	-
Support services	-	-	-	-	-	-	83,220
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	3,438	-	28,113	-	83,220
Excess (deficiency) of receipts over disbursements	-	-	(3,438)	-	6,062	-	(83,220)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(3,438)	-	6,062	-	(83,220)
Cash and investments - ending	\$ 2,327	\$ -	\$ -	\$ -	\$ 6,062	\$ -	\$ (83,220)

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, 2015  
 (Continued)

	Early Literacy Intervention	2014-2015 PS Early Literacy	2015-2016 Early Literacy	Secured Schools Safety Grant	Non-English Speaking Program 2013-2014	Non-English Speaking Program 2015-2016	School Technology
Cash and investments - beginning	\$ 2,673	\$ -	\$ -	\$ 50,000	\$ 589	\$ -	\$ 106,856
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	9,387	-	93,567	-	-	16,150
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>9,387</u>	<u>-</u>	<u>93,567</u>	<u>-</u>	<u>-</u>	<u>16,150</u>
Disbursements:							
Instruction	2,673	7,266	-	-	589	-	-
Support services	-	-	-	90,296	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	100,000	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>2,673</u>	<u>7,266</u>	<u>-</u>	<u>190,296</u>	<u>589</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(2,673)</u>	<u>2,121</u>	<u>-</u>	<u>(96,729)</u>	<u>(589)</u>	<u>-</u>	<u>16,150</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	50,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,673)</u>	<u>2,121</u>	<u>-</u>	<u>(46,729)</u>	<u>(589)</u>	<u>-</u>	<u>16,150</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,121</u>	<u>\$ -</u>	<u>\$ 3,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 123,006</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, 2015  
 (Continued)

	eLearning Pro Learning Grant	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Part B FY14 Subgrant	Part B FY15 Subgrant	Title II-A FY2012
Cash and investments - beginning	\$ -	\$ (17,617)	\$ -	\$ -	\$ -	\$ -	\$ (10,365)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	2,000	-	-	-	-	-	-
Federal sources	-	61,281	132,031	-	62,798	-	17,711
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	2,000	61,281	132,031	-	62,798	-	17,711
Disbursements:							
Instruction	-	25,233	86,904	-	62,798	-	-
Support services	2,000	18,431	61,642	-	-	-	7,346
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	2,000	43,664	148,546	-	62,798	-	7,346
Excess (deficiency) of receipts over disbursements	-	17,617	(16,515)	-	-	-	10,365
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	-	17,617	(16,515)	-	-	-	10,365
Cash and investments - ending	\$ -	\$ -	\$ (16,515)	\$ -	\$ -	\$ -	\$ -

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, 2015  
 (Continued)

	Title II-A FY2013	Title II-A FY2014	Title III 2013-2014	School Lunch Pre-Pay	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 16,877	\$ 2,999	\$ 15,905,566
Receipts:						
Local sources	-	-	-	697,460	-	10,393,063
Intermediate sources	-	-	-	-	-	28
State sources	-	-	-	-	-	13,459,239
Federal sources	31,596	-	712	-	-	768,326
Interfund loans	-	-	-	-	-	26,850
Other receipts	-	-	-	-	3,374,844	3,606,815
Total receipts	<u>31,596</u>	<u>-</u>	<u>712</u>	<u>697,460</u>	<u>3,374,844</u>	<u>28,254,321</u>
Disbursements:						
Instruction	-	-	-	-	1,823,773	10,994,620
Support services	38,463	-	712	283	1,553,584	9,341,166
Noninstructional services	-	-	-	-	-	1,540,269
Facilities acquisition and construction	-	-	-	-	-	2,221,793
Debt services	-	-	-	-	-	4,311,864
Nonprogrammed charges	-	-	-	-	-	84,585
Interfund loans	-	-	-	-	-	26,850
Total disbursements	<u>38,463</u>	<u>-</u>	<u>712</u>	<u>283</u>	<u>3,377,357</u>	<u>28,521,147</u>
Excess (deficiency) of receipts over disbursements	<u>(6,867)</u>	<u>-</u>	<u>-</u>	<u>697,177</u>	<u>(2,513)</u>	<u>(266,826)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	1,470,020
Sale of capital assets	-	-	-	-	-	15,360
Transfers in	-	-	-	-	-	129,664
Transfers out	-	-	-	(693,233)	-	(822,897)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(693,233)</u>	<u>-</u>	<u>792,147</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,867)</u>	<u>-</u>	<u>-</u>	<u>3,944</u>	<u>(2,513)</u>	<u>525,321</u>
Cash and investments - ending	<u>\$ (6,867)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,821</u>	<u>\$ 486</u>	<u>\$ 16,430,887</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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 4,130,263	\$ 2,274,692	\$ 91,370	\$ 1,030,859	\$ 1,588,642	\$ 471,658	\$ 5,083,075
Receipts:							
Local sources	586,978	4,710,756	145,560	1,703,952	1,596,154	186,241	377,035
Intermediate sources	30	-	-	-	-	-	-
State sources	14,069,552	-	-	(5,092)	-	-	-
Federal sources	-	-	-	-	-	60,000	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	13,057	-	-	11,109	73,062	-	-
Total receipts	<u>14,669,617</u>	<u>4,710,756</u>	<u>145,560</u>	<u>1,709,969</u>	<u>1,669,216</u>	<u>246,241</u>	<u>377,035</u>
Disbursements:							
Instruction	9,035,249	-	-	-	-	-	-
Support services	4,832,980	22,283	-	1,025,718	1,404,970	317,251	-
Noninstructional services	288,016	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	1,205,778	-	-	421,655
Debt services	-	5,586,347	157,073	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>14,156,245</u>	<u>5,608,630</u>	<u>157,073</u>	<u>2,231,496</u>	<u>1,404,970</u>	<u>317,251</u>	<u>421,655</u>
Excess (deficiency) of receipts over disbursements	<u>513,372</u>	<u>(897,874)</u>	<u>(11,513)</u>	<u>(521,527)</u>	<u>264,246</u>	<u>(71,010)</u>	<u>(44,620)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	2,821	-	-	1,168	4,368	-	-
Transfers in	30,753	-	-	76,936	-	-	214,076
Transfers out	(97,479)	-	-	-	(234,046)	-	-
Total other financing sources (uses)	<u>(63,905)</u>	<u>-</u>	<u>-</u>	<u>78,104</u>	<u>(229,678)</u>	<u>-</u>	<u>214,076</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>449,467</u>	<u>(897,874)</u>	<u>(11,513)</u>	<u>(443,423)</u>	<u>34,568</u>	<u>(71,010)</u>	<u>169,456</u>
Cash and investments - ending	<u>\$ 4,579,730</u>	<u>\$ 1,376,818</u>	<u>\$ 79,857</u>	<u>\$ 587,436</u>	<u>\$ 1,623,210</u>	<u>\$ 400,648</u>	<u>\$ 5,252,531</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, 2016  
 (Continued)

	Post- Retirement/ Severance Future Benefits	2012 G.O. Bond	2013 G.O. Bond	2014 G.O. Bond	2015 G.O. Bond	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 9,706	\$ 69,878	\$ -	\$ 1,155,914	\$ -	\$ 186,683	\$ 157,015
Receipts:							
Local sources	-	-	-	-	-	738,478	217,547
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	14,300	77,503
Federal sources	-	-	-	-	-	495,864	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	35	100
Total receipts	-	-	-	-	-	1,248,677	295,150
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	9,706	11,984	-	-	-	30	196,927
Noninstructional services	-	-	-	-	-	1,194,892	-
Facilities acquisition and construction	-	43,809	-	1,155,914	792,331	-	-
Debt services	-	-	-	-	31,831	-	-
Nonprogrammed charges	-	-	-	-	-	64,544	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	9,706	55,793	-	1,155,914	824,162	1,259,466	196,927
Excess (deficiency) of receipts over disbursements	(9,706)	(55,793)	-	(1,155,914)	(824,162)	(10,789)	98,223
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	1,925,000	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(10,980)	(76,936)
Total other financing sources (uses)	-	-	-	-	1,925,000	(10,980)	(76,936)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,706)	(55,793)	-	(1,155,914)	1,100,838	(21,769)	21,287
Cash and investments - ending	\$ -	\$ 14,085	\$ -	\$ -	\$ 1,100,838	\$ 164,914	\$ 178,302

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, 2016  
 (Continued)

	Self- Insurance	Levy Excess	HH Education Foundation	Joe Booker Plaza	PS/ES PTO Donation	Cicero American Legion Auxiliary Grant	Marathon/ Sahgill Oil Company
Cash and investments - beginning	\$ 76,170	\$ 131	\$ 5,571	\$ 1,677	\$ 5,743	\$ 1,460	\$ 1,950
Receipts:							
Local sources	-	-	10,749	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	10,749	-	-	-	-
Disbursements:							
Instruction	-	-	12,103	-	-	-	-
Support services	23,178	-	1,335	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	300	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	23,178	-	13,438	300	-	-	-
Excess (deficiency) of receipts over disbursements	(23,178)	-	(2,689)	(300)	-	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	78,429	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	78,429	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,251	-	(2,689)	(300)	-	-	-
Cash and investments - ending	\$ 131,421	\$ 131	\$ 2,882	\$ 1,377	\$ 5,743	\$ 1,460	\$ 1,950

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, 2016  
 (Continued)

	Swimming Program	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	ES Magazine	PS Clinic PTO Donation	Dave Sheller Memorial Scholarship	PS Magazine
Cash and investments - beginning	\$ 1,149	\$ 331	\$ 4,245	\$ 10,461	\$ 765	\$ 6,685	\$ 6,413
Receipts:							
Local sources	-	6,256	-	1,628	-	-	4,571
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	6,256	-	1,628	-	-	4,571
Disbursements:							
Instruction	-	-	-	6,808	-	-	2,526
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	500	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	500	6,808	-	-	2,526
Excess (deficiency) of receipts over disbursements	-	6,256	(500)	(5,180)	-	-	2,045
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	-	6,256	(500)	(5,180)	-	-	2,045
Cash and investments - ending	\$ 1,149	\$ 6,587	\$ 3,745	\$ 5,281	\$ 765	\$ 6,685	\$ 8,458

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, 2016  
 (Continued)

	Heidi O'Rear Scholarship	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One- to- One Community	Wellness Program WV/WCI Trust
Cash and investments - beginning	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,482
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-
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	-	-	-	-	-	-	-
Cash and investments - ending	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,482

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, 2016  
 (Continued)

	MS PSEO	Formative Assessment	High Ability 2013-2014	2013-2014 HA NAGC	High Ability 2014-2015	High Ability 2015-2016	Common School A189
Cash and investments - beginning	\$ 2,327	\$ -	\$ -	\$ -	\$ 6,062	\$ -	\$ (83,220)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	30,753	-	-	-	34,849	214,851
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>30,753</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>34,849</u>	<u>214,851</u>
Disbursements:							
Instruction	1,324	-	-	-	6,062	29,991	-
Support services	-	-	-	-	-	-	131,631
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>1,324</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,062</u>	<u>29,991</u>	<u>131,631</u>
Excess (deficiency) of receipts over disbursements	<u>(1,324)</u>	<u>30,753</u>	<u>-</u>	<u>-</u>	<u>(6,062)</u>	<u>4,858</u>	<u>83,220</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	(30,753)	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(30,753)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,324)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,062)</u>	<u>4,858</u>	<u>83,220</u>
Cash and investments - ending	<u>\$ 1,003</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,858</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, 2016  
 (Continued)

	Early Literacy Intervention	2014-2015 PS Early Literacy	2015-2016 Early Literacy	Secured Schools Safety Grant	Non-English Speaking Program 2013-2014	Non-English Speaking Program 2015-2016	School Technology
Cash and investments - beginning	\$ -	\$ 2,121	\$ -	\$ 3,271	\$ -	\$ -	\$ 123,006
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	10,000	6,433	-	2,771	24,213
Federal sources	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	10,000	6,433	-	2,771	24,213
Disbursements:							
Instruction	-	2,121	2,988	-	-	2,771	-
Support services	-	-	-	88,540	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	2,121	2,988	88,540	-	2,771	-
Excess (deficiency) of receipts over disbursements	-	(2,121)	7,012	(82,107)	-	-	24,213
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	-	(2,121)	7,012	(32,107)	-	-	24,213
Cash and investments - ending	\$ -	\$ -	\$ 7,012	\$ (28,836)	\$ -	\$ -	\$ 147,219

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, 2016  
 (Continued)

	eLearning Pro Learning Grant	Title I 2013-2014	Title I 2014-2015	Title I 2015-2016	Part B FY14 Subgrant	Part B FY15 Subgrant	Title II-A FY2012
Cash and investments - beginning	\$ -	\$ -	\$ (16,515)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	53,950	126,812	-	59,886	-
Interfund loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	53,950	126,812	-	59,886	-
Disbursements:							
Instruction	-	-	18,804	68,691	-	59,886	-
Support services	-	-	18,631	62,648	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	37,435	131,339	-	59,886	-
Excess (deficiency) of receipts over disbursements	-	-	16,515	(4,527)	-	-	-
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	-	-	16,515	(4,527)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (4,527)	\$ -	\$ -	\$ -

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, 2016  
 (Continued)

	Title II-A FY2013	Title II-A FY2014	Title III 2013-2014	School Lunch Pre-Pay	Payroll Clearing	Totals
Cash and investments - beginning	\$ (6,867)	\$ -	\$ -	\$ 20,821	\$ 486	\$ 16,430,887
Receipts:						
Local sources	-	-	-	698,827	-	10,984,732
Intermediate sources	-	-	-	-	-	30
State sources	-	-	-	-	-	14,480,133
Federal sources	12,885	35,979	-	-	-	845,376
Interfund loans	-	-	-	-	-	-
Other receipts	-	-	-	-	3,541,428	3,638,791
Total receipts	<u>12,885</u>	<u>35,979</u>	<u>-</u>	<u>698,827</u>	<u>3,541,428</u>	<u>29,949,062</u>
Disbursements:						
Instruction	-	-	-	-	1,877,125	11,126,449
Support services	6,018	40,533	-	719	1,664,621	9,859,703
Noninstructional services	-	-	-	-	-	1,482,908
Facilities acquisition and construction	-	-	-	-	-	3,619,787
Debt services	-	-	-	-	-	5,775,251
Nonprogrammed charges	-	-	-	-	-	65,044
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>6,018</u>	<u>40,533</u>	<u>-</u>	<u>719</u>	<u>3,541,746</u>	<u>31,929,142</u>
Excess (deficiency) of receipts over disbursements	<u>6,867</u>	<u>(4,554)</u>	<u>-</u>	<u>698,108</u>	<u>(318)</u>	<u>(1,980,080)</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	1,925,000
Sale of capital assets	-	-	-	-	-	8,357
Transfers in	-	-	-	-	-	450,194
Transfers out	-	-	-	(695,268)	-	(1,145,462)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>(695,268)</u>	<u>-</u>	<u>1,238,089</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,867</u>	<u>(4,554)</u>	<u>-</u>	<u>2,840</u>	<u>(318)</u>	<u>(741,991)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (4,554)</u>	<u>\$ -</u>	<u>\$ 23,661</u>	<u>\$ 168</u>	<u>\$ 15,688,896</u>

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HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 676,795</u>	<u>\$ 3,949,715</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

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>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2012 GO Bond	\$ 405,000	\$ 406,620
General obligation bonds	2013 GO Bond	160,000	160,736
General obligation bonds	2015 GO Bond	1,805,000	981,650
Revenue bonds	Pension Bond	240,000	158,371
Notes and loans payable	Common School Loan A1605 Technology	26,767	26,901
Notes and loans payable	Common School Loan A1640 Technology	105,249	43,047
Notes and loans payable	Common School Loan A1891 Technology	193,366	44,796
Notes and loans payable	Common School Loan A1687 Technology	126,298	43,257
Total governmental activities		<u>3,061,680</u>	<u>1,865,378</u>
Totals		<u>\$ 3,061,680</u>	<u>\$ 1,865,378</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2016

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

	Ending Balance
Governmental activities:	
Land	\$ 4,107,300
Infrastructure	478,508
Buildings	98,459,036
Machinery, equipment, and vehicles	4,752,417
Total governmental activities	107,797,261
Total capital assets	\$ 107,797,261

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2014 to June 30, 2016. 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.

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

***Basis for Qualified Opinion on the Special Education Cluster***

As described in items 2016-007, 2016-008, and 2016-010 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Allowable Costs/Cost Principles, Cash Management, and Reporting that are applicable to its Special Education Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on the Special Education Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Special Education Cluster* paragraph, 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 the Special Education Cluster for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on Each of the Other Major Federal Programs***

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-005, and 2016-009. Our opinion on each major federal program is not modified with respect to these matters.

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

**Report on Internal Control over Compliance**

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

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 and significant deficiencies.


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

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-002, 2016-005, 2016-006, 2016-007, 2016-008, 2016-009, and 2016-010 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2016-003 and 2016-004 to be significant deficiencies.

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

April 26, 2017

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<b>Department of Agriculture</b>							
Child Nutrition Cluster							
School Breakfast Program							
Indiana Department of Education							
Cafeteria - School Breakfast		10.553	FY2015	\$ -	\$ 87,850	\$ -	\$ -
Cafeteria - School Breakfast		10.553	FY2016	-	-	-	111,900
Total - School Breakfast Program				-	87,850	-	111,900
National School Lunch Program							
Indiana Department of Education							
Cafeteria - School Lunch		10.555	FY2015	-	360,585	-	-
Cafeteria - School Lunch		10.555	FY2016	-	-	-	372,824
Commodities		10.555	FY2015	-	70,153	-	-
Commodities		10.555	FY2016	-	-	-	67,500
Total - National School Lunch Program				-	430,738	-	440,324
Total - Child Nutrition Cluster				-	518,588	-	552,224
Child and Adult Care Food Program							
Indiana Department of Education							
Cafeteria - CACFP		10.558	FY 14-15	-	7,696	-	-
Cafeteria - CACFP		10.558	FY 15-16	-	-	-	11,138
Total - Child and Adult Care Food Program				-	7,696	-	11,138
Total - Department of Agriculture				-	526,284	-	563,362
<b>Environmental Protection Agency</b>							
National Clean Diesel Emissions Reduction Program							
Direct							
DERA Clean Diesel Funding Assistance		66.039	FY2014	-	-	-	60,000
Total - National Clean Diesel Emissions Reduction Program				-	-	-	60,000
Total - Environmental Protection Agency				-	-	-	60,000
<b>Department of Education</b>							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
Indiana Department of Education							
FY13 Federal Part B 611		84.027	14213-025-PN01	-	11,777	-	-
FY14 Federal Part B 611		84.027	14214-025-PN01	-	57,401	-	5,966
FY15 Federal Part B 611		84.027	14215-025-PN01	-	342,054	-	39,737
FY16 Federal Part B 611		84.027	14216-023-PN01	-	-	-	316,905
Part B FY 2014 Subgrant		84.027	14214-025-PN01	-	62,798	-	-
Part B FY 2015 Subgrant		84.027	14215-025-PN01	-	-	-	59,886
Total - Special Education_Grants to States				-	474,030	-	422,494

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016  
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<b>Department of Education (continued)</b>							
Special Education Cluster (IDEA) (continued)							
Special Education_Preschool Grants	Indiana Department of Education						
FY14 Federal Part B 619		84.173	45714-025-PN01	-	540	-	-
FY15 Federal Part B 619		84.173	45715-025-PN01	-	13,199	-	1,530
FY16 Federal Part B 619		84.173	45716-023-PN01	-	-	-	13,048
Total - Special Education_Preschool Grants				-	13,739	-	14,578
Total - Special Education Cluster (IDEA)				-	487,769	-	437,072
Title I Grants to Local Educational Agencies	Indiana Department of Education						
Title I 2013-2014		84.010	14-3025	-	61,281	-	-
Title I 2014-2015		84.010	15-3025	-	132,031	-	53,950
Title I 2015-2016		84.010	16-3025	-	-	-	126,812
Total - Title I Grants to Local Educational Agencies				-	193,312	-	180,762
English Language Acquisition State Grants	Indiana Department of Education						
Title III 13-14		84.365	01114-104-PN01	-	197	-	-
Title III 15-16		84.365	01115-110-PN01	-	1,201	-	593
Title III 16-17		84.365	01116-128-PN01	-	-	-	2,185
Total - English Language Acquisition State Grants				-	1,398	-	2,778
Improving Teacher Quality State Grants	Indiana Department of Education						
Title IIA FY 2012		84.367	12-3025	-	17,711	-	-
Title IIA FY 2013		84.367	13-3025	-	31,596	-	12,885
Title IIA FY 2014		84.367	14-3025	-	-	-	35,979
Total - Improving Teacher Quality State Grants				-	49,307	-	48,864
Total - Department of Education				-	731,786	-	669,476
<b>Department of Homeland Security</b>							
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	Indiana Department of Homeland Security						
Disaster Grants - Public Assistance		97.036	PA4173	-	6,219	-	-
Total - Disaster Grants - Public Assistance (Presidentially Declared Disasters)				-	6,219	-	-
Total - Department of Homeland Security				-	6,219	-	-
Total federal awards expended				\$ -	\$ 1,264,289	\$ -	\$ 1,292,838

The accompanying 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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

**Note 2. Summary of Significant Accounting Policies**

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

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 weakness identified?	no
Significant deficiency identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	yes
Type of auditor's report issued on compliance for major programs:	Unmodified for all programs, except Special Education Cluster, which was qualified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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

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

**Section II - Financial Statement Findings**

**FINDING 2016-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*Condition*

The School Corporation had not fully established effective internal controls over the financial information entered into the Indiana Gateway for Government Units, which is a financial reporting system and the source of the Schedule of Expenditures of Federal Awards (SEFA). The SEFA was prepared by the School Corporation Treasurer and reviewed by the Business Manager prior to submission. Although a review process was in place, immaterial errors were identified on the SEFA.

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

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes."

*Cause*

The review process established by Management of the School Corporation was not fully effective to ensure no errors on the SEFA occurred.

*Effect*

Without a fully effective internal control, material misstatements of the SEFA could have remained undetected.

*Views of Responsible Officials*

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

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

**FINDING 2016-002 - EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Equipment and Real Property Management compliance requirement.

The School Corporation contracted with an outside vendor to develop an equipment and property listing for the cafeteria areas. However, the listing provided only contained the description of the property, a serial number or other identifying number, the location, and the use and condition of the property. It did not include other necessary information, such as the acquisition date, cost of the property, percentage of federal participation, and any property that had been disposed of or sold.

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

*Context*

The lack of controls was a systemic problem during the period audited and the equipment and property listing did not contain all of the required information to be in compliance with the compliance requirement.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 3016.32 states in part:

". . . (b) . . . Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . ."

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

(1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

2 CFR 200.313 states in part:

". . . (b) . . . Other non-Federal entities must follow paragraphs (c) through (e) of this section. . . ."

(d) *Management requirements.* Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

HAMILTON HEIGHTS SCHOOL CORPORATION  
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(Continued)

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Equipment and Real Property Management compliance requirement. Management did not realize that the property listing prepared by an outside vendor did not include all the necessary information.

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Equipment and Real Property compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above.

*Views of Responsible Officials*

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

**FINDING 2016-003 - REPORTING**

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Food Authority (SFA) Verification Collection Report (Report) was prepared and submitted by the Food Service Director without oversight, approval, or other internal control process to ensure the accuracy of the report.

*Context*

There was no control in place to ensure the accuracy of the two Reports required to be submitted during the audit period.

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not established a control to ensure the accuracy of the Report.

*Effect*

The failure to establish an effective internal control placed the School Corporation at risk of not submitting an accurate Report.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish a control to ensure the accuracy of the Report.

*Views of Responsible Officials*

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

**FINDING 2016-004 - ACTIVITIES ALLOWED OR UNALLOWED**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-3025, 15-3025, 16-3025

Pass-Through Entity: Indiana Department of Education

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

*Condition*

A Title I teacher was paid a performance bonus out of the General fund; however, the taxes and benefits related to the performance bonus amount were charged to the Title I fund. In addition, after an instructional assistant resigned from a Title I position to become a long-term substitute teacher, her taxes and benefits were still charged to the Title I fund while her salary was transferred to the General fund. The School Corporation's internal control system was not effective to catch this type of error.

*Context*

These were isolated instances.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management's system of internal controls were not effective to ensure that taxes and benefits were paid out of the proper fund when bonuses were paid or an employee changed positions.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls related to the grant agreement and the compliance requirement listed above to ensure taxes and benefits were charged to the proper fund.

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

*Views of Responsible Officials*

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

**FINDING 2016-005 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-3025, 15-3025

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

In addition to Title I funds, 5 to 6 percent of the Title I Instructional Assistants' salaries were being paid using monies from the School Transportation fund. Personnel Activity Reports were not maintained for any of the Title I instructional assistants to support the distribution of their salaries between the two funds.

*Context*

The lack of controls and Personnel Activity Reports were a systemic problem during the period audited.

*Criteria*

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

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

OMB Circular A-87, Attachment B, section 8h(4) states:

"Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non Federal award,
- (c) An indirect cost activity and a direct cost activity,

HAMILTON HEIGHTS SCHOOL CORPORATION  
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(Continued)

- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity."

*Cause*

Management had not established controls, nor were they aware of the requirement for employees working on more than one cost objective to complete Personnel Activity Reports.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management be cognizant of the compliance requirement listed above and to establish controls related to the grant agreement and the compliance requirement.

*Views of Responsible Officials*

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

***FINDING 2016-006 - LEVEL OF EFFORT***

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): 14-3025, 15-3025, 16-3025

Pass-Through Entity: Indiana Department of Education

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Level of Effort compliance requirement. Management of the School Corporation was not aware of the Level of Effort compliance requirement.

*Context*

Even though the School Corporation did maintain the proper level of effort, the lack of controls was a systemic problem during the audit period.

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

*Cause*

Management had not developed a system of internal controls to ensure compliance with the Level of Effort compliance requirement.

*Effect*

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

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

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

*Views of Responsible Officials*

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

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

**FINDING 2016-007 - ALLOWABLE COSTS/COST PRINCIPLES**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,  
14216-023-PN01, 45715-025-PN01,  
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member schools. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements are between IDOE and each member school of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements.

For grants 14214-025-PN01, 14215-025-PN01, and 45715-025-PN01, the Semi-Annual Certifications were maintained; however, they were not certified by the employee or an appropriate supervisor. There were no Personnel Activity Reports maintained for employees who were expected to work on multiple cost objectives.

For grants 14216-023-PN01 and 45716-023-PN01, the fiscal agent was not able to provide records that would support the activities performed by the employees whose salaries were charged to the grant.

*Context*

Of the three Semi-Annual Certifications required to be maintained during the period for all employees whose salaries were charged entirely to the program, none were certified by an appropriate supervisor. In addition, there were six employees who worked on multiple activities, but no Personnel Activity Reports were maintained for those employees. There was no supporting documentation for activities performed by employees for two grants.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal

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

award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

OMB Circular A-87, Attachment B, section 8h states in part:

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

(4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency. Such documentary support will be required where employees work on:

- (a) More than one Federal award,
- (b) A Federal award and a non-Federal award,
- (c) An indirect cost activity and a direct cost activity,
- (d) Two or more indirect activities which are allocated using different allocation bases, or
- (e) An unallowable activity and a direct or indirect cost activity. . . ."

2 CFR 200.430(h)(8)(i) states in part:

"Standards for Documentation of Personnel Expenses (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed. These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; . . .
- (ii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

*Cause*

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

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

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties related to the grant agreement and the Allowable Costs/Cost Principles compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

*Views of Responsible Officials*

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

**FINDING 2016-008 - CASH MANAGEMENT**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,  
14216-023-PN01, 45715-025-PN01,  
45716-023-PN01

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). During 2015-2016, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements are between IDOE and each member school of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements.

The Requests for Reimbursement were reviewed by the Cooperative Director; however, the Requests for Reimbursement contained claims that had been incurred but not paid.

*Context*

Of the five Requests for Reimbursements tested, all of them contained expenditures that were incurred but not yet paid.

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

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.21(d) states in part: "Reimbursement shall be the preferred method when the requirements in paragraph (c) of this section are not met. . . ."

2 CFR 200.305(b)(3) states in part: "Reimbursement is the preferred method when the requirements in paragraph (b) cannot be met, when the Federal awarding agency sets a specific condition per § 200.207 Specific conditions, or when the non-Federal entity requests payment by reimbursement. . . ."

*Cause*

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Cash Management compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

Due to the noncompliance described above, this resulted in \$12,966.14 worth of expenditures being requested for reimbursement prior to being paid from the sample selected for testing.

*Recommendation*

We recommended that the School Corporation's management establish controls, including segregation of duties related to the grant agreement and Cash Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

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

*Views of Responsible Officials*

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

**FINDING 2016-009 - EQUIPMENT AND REAL PROPERTY MANAGEMENT**

Federal Agency: Department of Education

Federal Program: Special Education\_Grants to States

CFDA Number: 84.027

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,  
14216-023-PN01

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements are between IDOE and each member school of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements.

The equipment inventory (property) listing did not contain all the required information.

*Context*

The equipment inventory (property) listing did not contain the acquisition cost for any of the equipment listed.

*Criteria*

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

34 CFR 80.32 states in part:

". . . (b) *States*. A State will use, manage, and dispose of equipment acquired under a grant by the State in accordance with State laws and procedures. Other grantees and subgrantees will follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part with grant funds, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of property, who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the cost of the property, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

2 CFR 200.313 states in part:

". . . (b) . . . Other non-Federal entities must follow paragraphs (c) through (e) of this section. . . .

(d) *Management requirements*. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a Federal award, until disposition takes place will, as a minimum, meet the following requirements:

- (1) Property records must be maintained that include a description of the property, a serial number or other identification number, the source of funding for the property (including the FAIN), who holds title, the acquisition date, and cost of the property, percentage of Federal participation in the project costs for the Federal award under which the property was acquired, the location, use and condition of the property, and any ultimate disposition data including the date of disposal and sale price of the property. . . ."

*Cause*

Management of the School Corporation had not designed and implemented internal control procedures to ensure compliance with the Equipment and Real Property Management compliance requirement.

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation management establish controls, including segregation of duties, related to the grant agreement and the Equipment and Real Property Management compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

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

*Views of Responsible Officials*

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

**FINDING 2016-010 - REPORTING**

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-025-PN01, 14215-025-PN01,  
14216-023-PN01, 45714-025-PN01,  
45715-025-PN01, 45716-023-PN01

Pass-Through Entity: Indiana Department of Education

*Condition*

The School Corporation was a member school of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The fiscal agent of the Cooperative submitted the proper reports on behalf of the School Corporation. There was no oversight of the Cooperative by the School Corporation. Because the grant agreements are between IDOE and each member school of the Cooperative, each member school is ultimately responsible for ensuring compliance with the requirements.

The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares were reviewed by the Cooperative Director; however, the Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares reports contained amounts that had been incurred but had not been paid. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares reports were submitted without any review, approval, or other control to ensure its accuracy.

*Context*

This was a systemic problem. The Requests for Reimbursement and the Quarterly Monitoring Reports for Proportionate Shares reports contained claims that had been incurred but not yet paid.

*Criteria*

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

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

34 CFR 80.20(b) states in part:

"The financial management systems of other grantees and subgrantees must meeting the following standards:

- (1) *Financial reporting.* Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the grant or subgrant.
- (2) *Accounting records.* Grantees and subgrantees must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to grant or subgrant awards and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income. . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:  
. . .

- (2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§200.327 Financial reporting and 200.328 Monitoring and reporting program performance. If a Federal awarding agency requires reporting on an accrual basis from a recipient that maintains its records on other than an accrual basis, the recipient must not be required to establish an accrual accounting system. This recipient may develop accrual data for its reports on the basis of an analysis of the documentation on hand. Similarly, a pass-through entity must not require a subrecipient to establish an accrual accounting system and must allow the subrecipient to develop accrual data for its reports on the basis of an analysis of the documentation on hand.
- (3) Records that identify adequately the source and application of funds for federally-funded activities. These records must contain information pertaining to Federal awards, authorizations, obligations, unobligated balances, assets, expenditures, income and interest and be supported by source documentation. . . ."

*Cause*

Management of the School Corporation had not designed or implemented internal control procedures to ensure compliance with the Reporting compliance requirement.

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

*Effect*

The failure to establish internal controls enabled material noncompliance to go undetected, which could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation management establish controls, including segregation of duties, related to the grant agreement and Reporting compliance requirement. We also recommended that the School Corporation monitor and have proper oversight of the Cooperative.

*Views of Responsible Officials*

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

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

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

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Agriculture

Contact Person Responsible for Corrective Action: Kristin McCarty

Contact Phone Number: 317-984-3538

Status of Audit Finding:

The corrective action was taken.

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



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

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Department of Education

Contact Person Responsible for Corrective Action: Kristin McCarty

Contact Phone Number: 317-984-3538

Status of Audit Finding:

The corrective action was taken for all except new hire credential verification. Procedures were put in place shortly after the finding was shared with HHSC team but turnover and changes in reporting requirements from the state make this process ever changing. Credential conversations occur during the interview process and then the Corporation Secretary follows-up with each certified recommendation to complete the necessary forms and request verification. The Corporation Data Reporting Specialist also reviews credentials while completing certified reporting requirements with the State. There are continuing conversations on how to improve this process at the interview stage in the new hire process to prevent future issues in the reporting stage.

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



CORRECTIVE ACTION PLAN

**FINDING 2016-001**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

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.

While the SEFA was prepared by the Corporation Treasurer and reviewed by the Business Manager, there were still errors noted on the SEFA. The responsible officials understand the errors that were made and know how to prevent them in the future. There will continue to be a segregation of duties with preparation and review done by different individuals prior to submission.

Anticipated Completion Date: April 18, 2017

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2016-002**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included internal control review of equipment and property listing for the cafeteria areas, which lacked all required information.

Management will work with our contracted vendor to ensure all required information is included on the equipment and property listing going forward.

Anticipated Completion Date: June 30, 2017

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2016-003**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included lack of internal control review to ensure accuracy of Verification Summary Reports for the School Breakfast and Lunch Programs.

Management has discussed with Food Service Director and a review will be conducted by another Food Service employee or Corporation Treasurer/Business Manager to ensure accuracy.

Anticipated Completion Date: April 21, 2017

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2016-004**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included lack of internal control review which resulted in an immaterial error of benefits and FICA incorrectly being paid out of the Title I grant.

Management has made changes to the benefit claims to clearly identify which employee's benefits are being paid from federal funds, making it easier to identify potential errors. We are also now aware of a payroll systemic issue and will correct the setup in our payroll software to avoid the error from occurring in the future.

Anticipated Completion Date: April 18, 2017

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2016-005**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding included lack of internal control in that necessary personnel were not completing a time and effort log for their time spent in Title I and Transportation duties.

Management was made aware of the absence of time and effort logs for necessary staff in the fall of 2016. At that time, management notified the necessary staff of the requirement and the time and effort logs have been completed from that point forward.

Anticipated Completion Date: Fall of 2016

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



CORRECTIVE ACTION PLAN

**FINDING 2016-006**

Contact Person Responsible for Corrective Action: Caryn Provence  
Contact Phone Number: (317)984-3538

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This finding involved the absence of a level of effort calculation for Title I.

Management is now aware of this requirement at the LEA level. The Corporation Treasurer will calculate the level of effort annually, and the Business Manager will review the calculation.

Anticipated Completion Date: April 18, 2017

Caryn Provence  
(Signature)

Treasurer  
(Title)

4/24/17  
(Date)



## CORRECTIVE ACTION PLAN

### ***FINDING 2016-007 – ALLOWABLE COSTS/COST PRINCIPLES***

Contact Person Responsible for Corrective Action: Robin Phelps  
Contact Phone Number: 317-773-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Semi-annual reports will be maintained for all staff members who are paid fully from one of the grants and Personnel Activity Reports will be maintained each month for each staff member paid from more than one fund.

Anticipated Completion Date: April 25, 2017



## CORRECTIVE ACTION PLAN

### ***FINDING 2016-008 – CASH MANAGEMENT***

Contact Person Responsible for Corrective Action: Robin Phelps  
Contact Phone Number: 317-773-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In the future, reimbursements will only be requested for expenditures on a cash basis rather than an accrual basis.

Anticipated Completion Date: April 25, 2017



## CORRECTIVE ACTION PLAN

### ***FINDING 2016-009 – EQUIPMENT AND REAL PROPERTY MANAGEMENT***

Contact Person Responsible for Corrective Action: Robin Phelps  
Contact Phone Number: 317-773-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

In the future, the equipment inventory will be kept with all of the appropriate information including acquisition cost, disposal date, and sale price of property if sold.

Anticipated Completion Date: April 25, 2017



## CORRECTIVE ACTION PLAN

### ***FINDING 2016-010 – REPORTING***

Contact Person Responsible for Corrective Action: Robin Phelps  
Contact Phone Number: 317-773-3171

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

The quarterly monitoring reports will reflect expenditures on a cash basis rather than an accrual basis. In addition the non-public quarterly reports and the final grant reports will be reviewed by the Governing Board made up of representative from each district served by Hamilton-Boone-Madison Special Services Cooperative.

Anticipated Completion Date: April 25, 2017



#### OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.