

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

HAMILTON SOUTHEASTERN SCHOOLS
HAMILTON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
01/18/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter	07-01-15 to 12-31-18
Superintendent of Schools	Dr. Allen Bourff	07-01-15 to 12-31-18
President of the School Board	Karen Harmer Matthew Burke	01-01-16 to 12-31-16 01-01-17 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN SCHOOLS, HAMILTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Hamilton Southeastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 November 29, 2018, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the effectiveness of the School Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

November 29, 2018



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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 SOUTHEASTERN SCHOOLS, 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 Southeastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated November 29, 2018, 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 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 combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

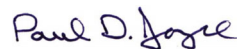
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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

November 29, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

HAMILTON SOUTHEASTERN SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
General	\$ 7,930,549	\$ 122,120,888	\$ 121,409,942	\$ 2,913	\$ 8,644,408	\$ 125,282,403	\$ 126,276,619	\$ 187,135	\$ 7,837,327
Referendum Tax Levy	3,618,736	9,179,187	9,286,563	-	3,511,360	18,775,170	12,225,916	-	10,060,614
Debt Service	9,153,063	36,893,887	38,563,868	91,716	7,574,798	40,425,671	39,371,156	39,743	8,669,056
Retirement/Severance Bond Debt Service	255,541	361,652	394,857	-	222,336	523,481	342,641	-	403,176
Referendum Debt Exempt Capital	1,216,936	6,863,648	6,080,000	-	2,000,584	7,824,874	8,360,000	-	1,465,458
Capital Projects	10,767,611	18,756,969	18,431,134	(400,000)	10,693,446	18,250,626	19,877,728	-	9,066,344
School Transportation	5,856,370	15,341,584	15,046,031	-	6,151,923	17,306,283	16,510,146	-	6,948,060
School Bus Replacement	1,244,045	2,198,184	2,216,268	-	1,225,961	2,197,638	2,726,514	(695,000)	2,085
Rainy Day	2,378,943	10,768,604	9,446,082	400,000	4,101,465	7,145,231	11,368,660	695,000	573,036
Post-Retirement/Severance Future Benefits	-	-	-	-	-	77,751	58,236	-	19,515
Construction Fund	7,472	-	-	-	7,472	-	-	-	7,472
Construction Fund - HSE HS	328,611	-	-	-	328,611	-	-	-	328,611
Const - FCE Caf�/Security	997,145	-	34,812	-	962,333	-	189,950	-	772,383
IPad Initiative Phase 1	51,117	-	51,117	-	-	-	-	-	-
IPad Initiative Phase 2	370,874	-	370,874	-	-	-	-	-	-
IPad Initiative Phase 3	-	-	4,344,350	9,995,500	5,651,150	395,474	5,508,119	-	538,505
2016 Fall GO Bonds	-	-	-	-	-	-	1,631,620	5,500,000	3,868,380
2017 Bond: Admin Bldg	-	-	-	-	-	-	39,671	8,250,000	8,210,329
2017 Bond: CRE Remodel/Other	-	-	-	-	-	-	39,671	10,000,000	9,960,329
School Lunch	2,196,054	9,085,182	9,784,062	-	1,497,174	9,520,963	9,531,071	-	1,487,066
Textbook Rental	2,862,386	1,789,362	1,547,856	72,191	3,176,083	2,117,929	2,814,254	65,347	2,545,105
Self-Insurance	428,686	1,263,296	1,194,121	-	497,861	1,310,341	1,248,120	-	560,082
Levy Excess	1,220	-	-	-	1,220	-	-	(1,220)	-
Early Intervention Grant	-	-	-	-	-	107,269	-	-	107,269
Counseling	-	-	-	-	-	50,000	26,854	-	23,146
Gifts and Donations	422,458	454,623	406,577	-	470,504	362,844	262,924	-	570,424
STEM Gifts & Donations	(36,320)	36,320	-	-	-	-	-	-	-
High Ability 2014-2015	55,920	-	55,920	-	-	-	-	-	-
High Ability 2015-2016	-	145,224	115,887	-	29,337	-	29,337	-	-
High Ability 2016-2017	-	-	-	-	-	147,957	126,008	-	21,949
High Ability Competitive Grant 2016	-	-	-	-	-	35,000	35,000	-	-
Formative Assessment	-	271,548	240,018	-	31,530	273,374	304,904	-	-
Step Ahead - IRead	1,244	-	341	-	903	-	-	-	903
Secured Schools Safety Grant	(48,356)	100,000	51,644	-	-	-	-	-	-

HAMILTON SOUTHEASTERN SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Non-English Speaking Programs	-	108,761	94,547	-	14,214	126,282	76,050	-	64,446
School Technology	200,018	258,550	155,074	-	303,494	202,733	165,631	-	340,596
Career and Technical Performance Grant	-	-	-	-	-	55,732	21,203	-	34,529
In-School Incentive Awards	-	-	-	-	-	2,280,004	2,280,004	-	-
Coca Cola Fund	318,021	139,072	86,985	-	370,108	138,720	124,236	-	384,592
Senator David Ford Technology	(50,195)	50,301	106	-	-	-	-	-	-
Title I 2014/2015	(12,031)	38,204	26,173	-	-	-	-	-	-
Title I 2015/2016	-	431,746	447,051	-	(15,305)	-	(15,305)	-	-
Title I 2016/2017	-	-	-	-	-	301,436	313,631	-	(12,195)
Federal Pre-School 2015-2016	-	76,026	76,026	-	-	-	-	-	-
Federal Pre-School 2016-2017	-	-	-	-	-	81,297	82,785	-	(1,488)
Federal Sp Ed Part B 14-15	(154,149)	459,950	305,801	-	-	-	-	-	-
Federal Sp Ed Part B 15-16	-	2,584,531	2,765,478	-	(180,947)	597,676	416,729	-	-
Federal Sp Ed Part B 16-17	-	-	-	-	-	2,548,816	2,859,313	-	(310,497)
Sp Ed Tech Assist Grant	(72)	16,397	16,325	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	-	-	-
Title II Part A 2013-2015	(1,919)	35,358	33,439	-	-	-	-	-	-
Title II Part A 2014-2016	-	131,879	132,659	-	(780)	3,971	3,191	-	-
Title II Part A 2015-2017	-	-	-	-	-	125,897	128,604	-	(2,707)
Title II Part A 2016-2018	-	-	-	-	-	83,057	90,495	-	(7,438)
Title II 2016 E-Learning	-	2,500	2,500	-	-	10,424	10,424	-	-
Title II 2017 E-Learning	-	-	-	-	-	577	846	-	(269)
Title III - English Proficiency Migrant	-	-	-	-	-	-	-	-	-
Title III Alt Yr	(2,026)	24,091	22,065	-	-	-	-	-	-
Title III 2015-2017	-	48,472	50,315	-	(1,843)	35,842	33,999	-	-
Title III Immigrant Influx	-	-	-	-	-	4,390	4,877	-	(487)
Title III 2016-2018	-	-	-	-	-	41,015	43,057	-	(2,042)
Lunch Prepaid Clearing	321,453	510,825	480,931	-	351,347	490,754	475,154	-	366,947
Totals	<u>\$ 50,679,405</u>	<u>\$ 240,546,821</u>	<u>\$ 243,767,799</u>	<u>\$ 10,162,320</u>	<u>\$ 57,620,747</u>	<u>\$ 259,258,902</u>	<u>\$ 266,020,043</u>	<u>\$ 24,041,005</u>	<u>\$ 74,900,611</u>

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

HAMILTON SOUTHEASTERN SCHOOLS
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.

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.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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.

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.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

Funding Policy and Annual Pension Cost

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

Note 8. Holding Corporations

The School Corporation has entered into various capital leases with Hamilton Southeastern Consolidated 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 ended June 30, 2016 and 2017, totaled \$34,520,500 and \$32,006,000, respectively.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

The following subsequent events occurred:

1. Collective Bargaining Agreement - A new collective bargaining agreement was entered into between the Board of School Trustees of Hamilton Southeastern Schools and the Hamilton Southeastern Education Association. This new agreement is effective from July 1, 2017 to June 30, 2019.
2. Capital Leases - Subsequent to June 30, 2017, the Hamilton Southeastern Consolidated School Building Corporation (Building Corporation) issued refunding bonds in the amount of \$9,560,000. The purpose of these bonds was to refund outstanding Building Corporation bonds. As a result, the School Corporation was provided with a new capital lease schedule with a reduction in interest expense over the remaining term of the lease.
3. General Obligation Bonds - Subsequent to June 30, 2017, the School Corporation issued \$11,000,000 in General Obligation Bonds for facility updates and technology.
4. Capital Leases - Subsequent to June 30, 2017, the Hamilton Southeastern Consolidated School Building Corporation issued \$23,247,905 in bonds to fund a new elementary school. The issue date was November 15, 2018, and the closing date was December 12, 2018. As a result, the School Corporation will be provided with a new capital lease schedule.

Note 10. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: a maximum of \$850 per year per eligible retiree for postemployment benefits. Disbursements for these postemployment benefits are deposited to individual VEBA (Voluntary Employees' Beneficiary Association) accounts annually. 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.

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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 Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

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

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

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HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 7,930,549	\$ 3,618,736	\$ 9,153,063	\$ 255,541	\$ 1,216,936	\$ 10,767,611	\$ 5,856,370	\$ 1,244,045	\$ 2,378,943
Receipts:									
Local sources	2,137,826	7,179,187	33,846,355	261,652	5,863,648	13,756,969	11,841,584	2,198,184	2,118,604
State sources	119,983,062	-	-	-	-	-	-	-	-
Federal sources	-	-	47,532	-	-	-	-	-	-
Interfund loans	-	2,000,000	3,000,000	100,000	1,000,000	5,000,000	3,500,000	-	8,650,000
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	122,120,888	9,179,187	36,893,887	361,652	6,863,648	18,756,969	15,341,584	2,198,184	10,768,604
Disbursements:									
Instruction	92,152,867	-	-	-	-	-	-	-	-
Support services	26,640,392	6,786,563	-	-	-	9,114,832	12,796,031	2,216,268	4,346,082
Noninstructional services	804,480	-	-	-	-	-	-	-	-
Facilities acquisition and construction	62,203	-	-	-	-	4,274,492	-	-	-
Debt service	-	-	32,063,868	244,857	6,080,000	41,810	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	1,750,000	2,500,000	6,500,000	150,000	-	5,000,000	2,250,000	-	5,100,000
Total disbursements	121,409,942	9,286,563	38,563,868	394,857	6,080,000	18,431,134	15,046,031	2,216,268	9,446,082
Excess (deficiency) of receipts over disbursements	710,946	(107,376)	(1,669,981)	(33,205)	783,648	325,835	295,553	(18,084)	1,322,522
Other financing sources (uses):									
Proceeds of long-term debt	-	-	163,907	-	-	-	-	-	-
Sale of capital assets	2,913	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	400,000
Transfers out	-	-	(72,191)	-	-	(400,000)	-	-	-
Total other financing sources (uses)	2,913	-	91,716	-	-	(400,000)	-	-	400,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	713,859	(107,376)	(1,578,265)	(33,205)	783,648	(74,165)	295,553	(18,084)	1,722,522
Cash and investments - ending	\$ 8,644,408	\$ 3,511,360	\$ 7,574,798	\$ 222,336	\$ 2,000,584	\$ 10,693,446	\$ 6,151,923	\$ 1,225,961	\$ 4,101,465

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Post- Retirement/ Severance Future Benefits	Construction Fund	Construction Fund - HSE HS	Const - FCE Café/ Security	IPad Initiative Phase 1	IPad Initiative Phase 2	IPad Initiative Phase 3	2016 Fall GO Bonds	2017 Bond: Admin Bldg
Cash and investments - beginning	\$ -	\$ 7,472	\$ 328,611	\$ 997,145	\$ 51,117	\$ 370,874	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	2,201	51,117	370,874	4,236,887	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	32,611	-	-	107,463	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	34,812	51,117	370,874	4,344,350	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	(34,812)	(51,117)	(370,874)	(4,344,350)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	9,995,500	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	9,995,500	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(34,812)	(51,117)	(370,874)	5,651,150	-	-
Cash and investments - ending	\$ -	\$ 7,472	\$ 328,611	\$ 962,333	\$ -	\$ -	\$ 5,651,150	\$ -	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	2017 Bond: CRE Remodel/Other	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Early Intervention Grant	Counseling	Gifts and Donations	STEM Gifts & Donations
Cash and investments - beginning	\$ -	\$ 2,196,054	\$ 2,862,386	\$ 428,686	\$ 1,220	\$ -	\$ -	\$ 422,458	\$ (36,320)
Receipts:									
Local sources	-	7,007,031	1,566,646	1,263,296	-	-	-	454,623	36,320
State sources	-	157,712	222,716	-	-	-	-	-	-
Federal sources	-	1,920,439	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	9,085,182	1,789,362	1,263,296	-	-	-	454,623	36,320
Disbursements:									
Instruction	-	-	-	-	-	-	-	70,033	-
Support services	-	574,154	1,547,856	1,194,121	-	-	-	70,799	-
Noninstructional services	-	9,156,598	-	-	-	-	-	121,041	-
Facilities acquisition and construction	-	53,310	-	-	-	-	-	144,704	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	9,784,062	1,547,856	1,194,121	-	-	-	406,577	-
Excess (deficiency) of receipts over disbursements	-	(698,880)	241,506	69,175	-	-	-	48,046	36,320
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	72,191	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	72,191	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(698,880)	313,697	69,175	-	-	-	48,046	36,320
Cash and investments - ending	\$ -	\$ 1,497,174	\$ 3,176,083	\$ 497,861	\$ 1,220	\$ -	\$ -	\$ 470,504	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	High Ability Competitive Grant 2016	Formative Assessment	Step Ahead - IRead	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ 55,920	\$ -	\$ -	\$ -	\$ -	\$ 1,244	\$ (48,356)	\$ -	\$ 200,018
Receipts:									
Local sources	-	-	-	-	-	-	-	-	245,506
State sources	-	145,224	-	-	271,548	-	100,000	108,761	13,044
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	145,224	-	-	271,548	-	100,000	108,761	258,550
Disbursements:									
Instruction	49,237	101,278	-	-	240,018	341	-	79,347	-
Support services	6,683	14,609	-	-	-	-	51,644	15,200	13,044
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	142,030
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	55,920	115,887	-	-	240,018	341	51,644	94,547	155,074
Excess (deficiency) of receipts over disbursements	(55,920)	29,337	-	-	31,530	(341)	48,356	14,214	103,476
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	(55,920)	29,337	-	-	31,530	(341)	48,356	14,214	103,476
Cash and investments - ending	\$ -	\$ 29,337	\$ -	\$ -	\$ 31,530	\$ 903	\$ -	\$ 14,214	\$ 303,494

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Career and Technical Performance Grant	In-School Incentive Awards	Coca Cola Fund	Senator David Ford Technology	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	Federal Pre-School 2015-2016	Federal Pre-School 2016-2017
Cash and investments - beginning	\$ -	\$ -	\$ 318,021	\$ (50,195)	\$ (12,031)	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	139,072	-	-	-	-	-	-
State sources	-	-	-	50,301	-	-	-	-	-
Federal sources	-	-	-	-	38,204	431,746	-	76,026	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	139,072	50,301	38,204	431,746	-	76,026	-
Disbursements:									
Instruction	-	-	18,224	-	26,173	447,051	-	76,026	-
Support services	-	-	53,161	106	-	-	-	-	-
Noninstructional services	-	-	15,600	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	86,985	106	26,173	447,051	-	76,026	-
Excess (deficiency) of receipts over disbursements	-	-	52,087	50,195	12,031	(15,305)	-	-	-
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	-	-	52,087	50,195	12,031	(15,305)	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 370,108	\$ -	\$ -	\$ (15,305)	\$ -	\$ -	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Federal Sp Ed Part B 14-15	Federal Sp Ed Part B 15-16	Federal Sp Ed Part B 16-17	Sp Ed Tech Assist Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2013-2015	Title II Part A 2014-2016	Title II Part A 2015-2017	Title II Part A 2016-2018
Cash and investments - beginning	\$ (154,149)	\$ -	\$ -	\$ (72)	\$ -	\$ (1,919)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	459,950	2,584,531	-	16,397	-	35,358	131,879	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	459,950	2,584,531	-	16,397	-	35,358	131,879	-	-
Disbursements:									
Instruction	305,801	2,538,798	-	16,325	-	-	-	-	-
Support services	-	226,680	-	-	-	33,439	132,659	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	305,801	2,765,478	-	16,325	-	33,439	132,659	-	-
Excess (deficiency) of receipts over disbursements	154,149	(180,947)	-	72	-	1,919	(780)	-	-
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	154,149	(180,947)	-	72	-	1,919	(780)	-	-
Cash and investments - ending	\$ -	\$ (180,947)	\$ -	\$ -	\$ -	\$ -	\$ (780)	\$ -	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Title II 2016 E-Learning	Title II 2017 E-Learning	Title III - English Proficiency Migrant	Title III Alt Yr	Title III 2015-2017	Title III Immigrant Influx	Title III 2016-2018	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (2,026)	\$ -	\$ -	\$ -	\$ 321,453	\$ 50,679,405
Receipts:									
Local sources	-	-	-	-	-	-	-	-	89,916,503
State sources	-	-	-	-	-	-	-	-	121,052,368
Federal sources	2,500	-	-	24,091	48,472	-	-	-	5,817,125
Interfund loans	-	-	-	-	-	-	-	-	23,250,000
Other receipts	-	-	-	-	-	-	-	510,825	510,825
Total receipts	2,500	-	-	24,091	48,472	-	-	510,825	240,546,821
Disbursements:									
Instruction	-	-	-	16,315	31,550	-	-	-	96,169,384
Support services	2,500	-	-	5,750	18,765	-	-	-	70,522,417
Noninstructional services	-	-	-	-	-	-	-	-	10,097,719
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,816,813
Debt service	-	-	-	-	-	-	-	-	38,430,535
Nonprogrammed charges	-	-	-	-	-	-	-	480,931	480,931
Interfund loans	-	-	-	-	-	-	-	-	23,250,000
Total disbursements	2,500	-	-	22,065	50,315	-	-	480,931	243,767,799
Excess (deficiency) of receipts over disbursements	-	-	-	2,026	(1,843)	-	-	29,894	(3,220,978)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	10,159,407
Sale of capital assets	-	-	-	-	-	-	-	-	2,913
Transfers in	-	-	-	-	-	-	-	-	472,191
Transfers out	-	-	-	-	-	-	-	-	(472,191)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	10,162,320
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	2,026	(1,843)	-	-	29,894	6,941,342
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (1,843)	\$ -	\$ -	\$ 351,347	\$ 57,620,747

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 8,644,408	\$ 3,511,360	\$ 7,574,798	\$ 222,336	\$ 2,000,584	\$ 10,693,446	\$ 6,151,923	\$ 1,225,961	\$ 4,101,465
Receipts:									
Local sources	1,975,762	12,775,170	33,900,436	323,481	7,824,874	14,250,626	12,306,283	2,197,638	2,045,231
State sources	123,306,641	-	-	-	-	-	-	-	-
Federal sources	-	-	25,235	-	-	-	-	-	-
Interfund loans	-	6,000,000	6,500,000	200,000	-	4,000,000	5,000,000	-	5,100,000
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	125,282,403	18,775,170	40,425,671	523,481	7,824,874	18,250,626	17,306,283	2,197,638	7,145,231
Disbursements:									
Instruction	99,062,824	-	-	-	-	-	-	-	-
Support services	26,326,770	10,204,283	-	-	-	11,044,880	13,010,146	2,726,514	359,149
Noninstructional services	830,344	-	-	-	-	-	-	-	-
Facilities acquisition and construction	56,681	21,633	-	-	-	3,832,848	-	-	209,511
Debt service	-	-	34,971,156	242,641	7,360,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	2,000,000	4,400,000	100,000	1,000,000	5,000,000	3,500,000	-	10,800,000
Total disbursements	126,276,619	12,225,916	39,371,156	342,641	8,360,000	19,877,728	16,510,146	2,726,514	11,368,660
Excess (deficiency) of receipts over disbursements	(994,216)	6,549,254	1,054,515	180,840	(535,126)	(1,627,102)	796,137	(528,876)	(4,223,429)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	105,090	-	-	-	-	-	-
Sale of capital assets	185,915	-	-	-	-	-	-	-	-
Transfers in	1,220	-	-	-	-	-	-	-	695,000
Transfers out	-	-	(65,347)	-	-	-	-	(695,000)	-
Total other financing sources (uses)	187,135	-	39,743	-	-	-	-	(695,000)	695,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(807,081)	6,549,254	1,094,258	180,840	(535,126)	(1,627,102)	796,137	(1,223,876)	(3,528,429)
Cash and investments - ending	\$ 7,837,327	\$ 10,060,614	\$ 8,669,056	\$ 403,176	\$ 1,465,458	\$ 9,066,344	\$ 6,948,060	\$ 2,085	\$ 573,036

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Post- Retirement/ Severance Future Benefits	Construction Fund	Construction Fund - HSE HS	Const - FCE Café/ Security	IPad Initiative Phase 1	IPad Initiative Phase 2	IPad Initiative Phase 3	2016 Fall GO Bonds	2017 Bond: Admin Bldg
Cash and investments - beginning	\$ -	\$ 7,472	\$ 328,611	\$ 962,333	\$ -	\$ -	\$ 5,651,150	\$ -	\$ -
Receipts:									
Local sources	77,751	-	-	-	-	-	395,474	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	77,751	-	-	-	-	-	395,474	-	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	58,236	-	-	5,178	-	-	975,305	376,473	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	184,772	-	-	4,532,814	1,255,147	39,671
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	58,236	-	-	189,950	-	-	5,508,119	1,631,620	39,671
Excess (deficiency) of receipts over disbursements	19,515	-	-	(189,950)	-	-	(5,112,645)	(1,631,620)	(39,671)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	5,500,000	8,250,000
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	5,500,000	8,250,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,515	-	-	(189,950)	-	-	(5,112,645)	3,868,380	8,210,329
Cash and investments - ending	\$ 19,515	\$ 7,472	\$ 328,611	\$ 772,383	\$ -	\$ -	\$ 538,505	\$ 3,868,380	\$ 8,210,329

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	2017 Bond: CRE Remodel/Other	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Early Intervention Grant	Counseling	Gifts and Donations	STEM Gifts & Donations
Cash and investments - beginning	\$ -	\$ 1,497,174	\$ 3,176,083	\$ 497,861	\$ 1,220	\$ -	\$ -	\$ 470,504	\$ -
Receipts:									
Local sources	-	7,299,732	1,880,822	1,310,341	-	-	50,000	362,844	-
State sources	-	157,930	237,107	-	-	107,269	-	-	-
Federal sources	-	2,063,301	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	9,520,963	2,117,929	1,310,341	-	107,269	50,000	362,844	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	49,339	-
Support services	-	286,337	2,814,254	1,248,120	-	-	26,854	111,591	-
Noninstructional services	-	9,216,856	-	-	-	-	-	16,310	-
Facilities acquisition and construction	39,671	27,878	-	-	-	-	-	85,684	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	39,671	9,531,071	2,814,254	1,248,120	-	-	26,854	262,924	-
Excess (deficiency) of receipts over disbursements	(39,671)	(10,108)	(696,325)	62,221	-	107,269	23,146	99,920	-
Other financing sources (uses):									
Proceeds of long-term debt	10,000,000	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	65,347	-	-	-	-	-	-
Transfers out	-	-	-	-	(1,220)	-	-	-	-
Total other financing sources (uses)	10,000,000	-	65,347	-	(1,220)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,960,329	(10,108)	(630,978)	62,221	(1,220)	107,269	23,146	99,920	-
Cash and investments - ending	\$ 9,960,329	\$ 1,487,066	\$ 2,545,105	\$ 560,082	\$ -	\$ 107,269	\$ 23,146	\$ 570,424	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	High Ability 2014-2015	High Ability 2015-2016	High Ability 2016-2017	High Ability Competitive Grant 2016	Formative Assessment	Step Ahead - IRead	Secured Schools Safety Grant	Non-English Speaking Programs	School Technology
Cash and investments - beginning	\$ -	\$ 29,337	\$ -	\$ -	\$ 31,530	\$ 903	\$ -	\$ 14,214	\$ 303,494
Receipts:									
Local sources	-	-	-	-	-	-	-	-	187,785
State sources	-	-	147,957	35,000	273,374	-	-	126,282	14,948
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	147,957	35,000	273,374	-	-	126,282	202,733
Disbursements:									
Instruction	-	28,502	109,429	35,000	304,904	-	-	43,931	-
Support services	-	835	16,579	-	-	-	-	32,119	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	165,631
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	29,337	126,008	35,000	304,904	-	-	76,050	165,631
Excess (deficiency) of receipts over disbursements	-	(29,337)	21,949	-	(31,530)	-	-	50,232	37,102
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	-	(29,337)	21,949	-	(31,530)	-	-	50,232	37,102
Cash and investments - ending	\$ -	\$ -	\$ 21,949	\$ -	\$ -	\$ 903	\$ -	\$ 64,446	\$ 340,596

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Career and Technical Performance Grant	In-School Incentive Awards	Coca Cola Fund	Senator David Ford Technology	Title I 2014/2015	Title I 2015/2016	Title I 2016/2017	Federal Pre-School 2015-2016	Federal Pre-School 2016-2017
Cash and investments - beginning	\$ -	\$ -	\$ 370,108	\$ -	\$ -	\$ (15,305)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	138,720	-	-	-	-	-	-
State sources	55,732	2,280,004	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	301,436	-	81,297
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	55,732	2,280,004	138,720	-	-	-	301,436	-	81,297
Disbursements:									
Instruction	21,203	2,046,031	14,229	-	-	(16,250)	313,631	-	82,785
Support services	-	233,973	110,007	-	-	945	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	21,203	2,280,004	124,236	-	-	(15,305)	313,631	-	82,785
Excess (deficiency) of receipts over disbursements	34,529	-	14,484	-	-	15,305	(12,195)	-	(1,488)
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	34,529	-	14,484	-	-	15,305	(12,195)	-	(1,488)
Cash and investments - ending	\$ 34,529	\$ -	\$ 384,592	\$ -	\$ -	\$ -	\$ (12,195)	\$ -	\$ (1,488)

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Federal Sp Ed Part B 14-15	Federal Sp Ed Part B 15-16	Federal Sp Ed Part B 16-17	Sp Ed Tech Assist Grant	Improving Teacher Quality, No Child Left, Title II, Part A	Title II Part A 2013-2015	Title II Part A 2014-2016	Title II Part A 2015-2017	Title II Part A 2016-2018
Cash and investments - beginning	\$ -	\$ (180,947)	\$ -	\$ -	\$ -	\$ -	\$ (780)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	597,676	2,548,816	-	-	-	3,971	125,897	83,057
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	597,676	2,548,816	-	-	-	3,971	125,897	83,057
Disbursements:									
Instruction	-	383,712	2,620,561	-	-	-	-	-	-
Support services	-	33,017	238,752	-	-	-	3,191	128,604	90,495
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	416,729	2,859,313	-	-	-	3,191	128,604	90,495
Excess (deficiency) of receipts over disbursements	-	180,947	(310,497)	-	-	-	780	(2,707)	(7,438)
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	-	180,947	(310,497)	-	-	-	780	(2,707)	(7,438)
Cash and investments - ending	\$ -	\$ -	\$ (310,497)	\$ -	\$ -	\$ -	\$ -	\$ (2,707)	\$ (7,438)

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title II 2016 E-Learning	Title II 2017 E-Learning	Title III - English Proficiency Migrant	Title III Alt Yr	Title III 2015-2017	Title III Immigrant Influx	Title III 2016-2018	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (1,843)	\$ -	\$ -	\$ 351,347	\$ 57,620,747
Receipts:									
Local sources	-	-	-	-	-	-	-	-	99,302,970
State sources	-	-	-	-	-	-	-	-	126,742,244
Federal sources	10,424	577	-	-	35,842	4,390	41,015	-	5,922,934
Interfund loans	-	-	-	-	-	-	-	-	26,800,000
Other receipts	-	-	-	-	-	-	-	490,754	490,754
Total receipts	10,424	577	-	-	35,842	4,390	41,015	490,754	259,258,902
Disbursements:									
Instruction	-	-	-	-	14,245	-	34,307	-	105,148,383
Support services	10,424	846	-	-	19,754	4,877	8,750	-	70,507,258
Noninstructional services	-	-	-	-	-	-	-	-	10,063,510
Facilities acquisition and construction	-	-	-	-	-	-	-	-	10,451,941
Debt service	-	-	-	-	-	-	-	-	42,573,797
Nonprogrammed charges	-	-	-	-	-	-	-	475,154	475,154
Interfund loans	-	-	-	-	-	-	-	-	26,800,000
Total disbursements	10,424	846	-	-	33,999	4,877	43,057	475,154	266,020,043
Excess (deficiency) of receipts over disbursements	-	(269)	-	-	1,843	(487)	(2,042)	15,600	(6,761,141)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	23,855,090
Sale of capital assets	-	-	-	-	-	-	-	-	185,915
Transfers in	-	-	-	-	-	-	-	-	761,567
Transfers out	-	-	-	-	-	-	-	-	(761,567)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	24,041,005
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(269)	-	-	1,843	(487)	(2,042)	15,600	17,279,864
Cash and investments - ending	\$ -	\$ (269)	\$ -	\$ -	\$ -	\$ (487)	\$ (2,042)	\$ 366,947	\$ 74,900,611

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 15,254,568</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Daimler	Bus Lease	\$ 681,283	06/15/2016	07/01/2019
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Mortgage Bonds Series 2009	1,200,000	01/15/2010	07/15/2028
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2015 A	538,000	07/15/2015	01/15/2027
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds Series 2015 B	1,536,000	07/15/2015	01/15/2028
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds Series 2013	1,160,000	07/15/2013	01/15/2021
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - First Mortgage Bonds Series 2014 A	1,030,000	07/15/2014	01/15/2034
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - First Mortgage Bonds Series 2014 B	1,020,000	07/15/2014	01/15/2034
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - First Mortgage Bonds Series 2011	3,480,000	07/15/2011	01/15/2031
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - First Mortgage Bonds Series 2015 F	1,010,000	07/15/2016	01/15/2034
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - First Mortgage Bonds Series 2015 G	820,000	07/15/2016	01/15/2034
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2015 C	2,150,000	07/15/2015	01/15/2029
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2015 D	7,570,000	07/15/2015	01/15/2024
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2015 E	1,110,000	07/15/2015	01/15/2021
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2012 A	2,985,000	07/15/2012	01/15/2025
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2016	1,945,000	07/15/2017	01/15/2027
Hamilton Southeastern Consolidated School Building Corporation	Building Lease - Refunding Bonds 2012 B	2,814,000	01/15/2013	01/15/2025
Key Government Finance	Bus Lease	-	07/01/2018	07/01/2020
Total of annual lease payments		<u>\$ 31,049,283</u>		

Type	Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 2,250,053	\$ 388,971
General obligation bonds	Qualified School Construction Bonds	1,200,000	1,251,000
General obligation bonds	School Bonds	<u>29,255,000</u>	<u>14,908,899</u>
Totals		<u>\$ 32,705,053</u>	<u>\$ 16,548,870</u>

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF CAPITAL ASSETS
June 30, 2017

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 19,210,825
Buildings	598,443,863
Machinery, equipment, and vehicles	<u>44,132,693</u>
Total capital assets	<u>\$ 661,787,381</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE HAMILTON SOUTHEASTERN SCHOOLS, HAMILTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Hamilton Southeastern Schools' (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2017-003. Our opinion on each major federal program is not modified with respect to this matter.

The School Corporation's response to the noncompliance finding 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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001, 2017-002, and 2017-003, that we consider to be material weaknesses.

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

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

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


Paul D. Joyce, CPA
State Examiner

November 29, 2018

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 SOUTHEASTERN SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	3005	\$ -	\$ 163,561	\$ -	\$ 186,158
School Breakfast Program							
National School Lunch Program	Indiana Department of Education	10.555	3005	-	1,756,878	-	1,877,143
School Lunch Program			3005	-	531,739	-	649,308
Commodities							
Total - National School Lunch Program				-	2,288,617	-	2,526,451
Total - Child Nutrition Cluster				-	2,452,178	-	2,712,609
Total - Department of Agriculture				-	2,452,178	-	2,712,609
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
Special Education Part B FY 2015			14215-130-PN01	-	459,950	-	-
Special Education Part B FY 2016			14216-130-PN01	-	2,584,531	-	597,676
Special Education Part B FY 2017			14217-098-PN01	-	-	-	2,548,816
Special Education Technical Assistance FY 2014			99914-130-TA01	-	16,397	-	-
Total - Special Education_Grants to States				-	3,060,878	-	3,146,492
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool FY 2016			45716-130-PN01	-	76,026	-	-
Special Education Preschool FY 2017			45717-098-PN01	-	-	-	81,297
Total - Special Education_Preschool Grants				-	76,026	-	81,297
Total - Special Education Cluster (IDEA)				-	3,136,904	-	3,227,789

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2016 and 2017

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	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2014-2015			15-3005	-	38,204	-	-
Title I 2015-2016			16-3005	-	431,746	-	-
Title I 2015-2016			S010A150014	-	-	-	301,436
Total - Title I Grants to Local Educational Agencies				-	469,950	-	301,436
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 2014-2016			01115-026-PN01	-	24,091	-	-
Title III 2015-2017			01116-026-PN01	-	48,472	-	35,842
Title III 2016-2018 Immigrant Influx			01117-001-FLUX	-	-	-	4,390
Title III 2016-2018			01117-025-PN01	-	-	-	41,015
Total - English Language Acquisition State Grants				-	72,563	-	81,247
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	Indiana Department of Education	84.367					
Title II Part A FY 2013			13-3005	-	35,358	-	-
Title II Part A FY 2014			14-3005	-	131,879	-	3,971
Title II Part A Summer of eLearning FY16			A58-16CI-3415	-	2,500	-	10,424
Title II Part A Summer of eLearning FY17			A58-7-17CI-4340	-	-	-	577
Title II Part A FY 2015			S367A150015	-	-	-	125,896
Title II Part A FY 2016			S367A160013	-	-	-	83,057
Total - Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)				-	169,737	-	223,925
Total - Department of Education				-	3,849,154	-	3,834,397
Total federal awards expended				\$ -	\$ 6,301,332	\$ -	\$ 6,547,006

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

HAMILTON SOUTHEASTERN SCHOOLS
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, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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

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 the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

HAMILTON SOUTHEASTERN SCHOOLS
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?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

Name of Cluster	Opinion Issued
Child Nutrition Cluster	Unmodified
Special Education Cluster (IDEA)	Unmodified

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

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

No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food Accounts

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Number and Year (or Other Identifying Number): 3005

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Eligibility, Reporting, Special Tests and Provisions -Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food Accounts

Audit Finding: Material Weakness

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 Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements.

Cash Management

No documented analyses or reviews of cash balances and cash activities were available for audit that would ensure that the cash balances that relate to the cash management requirement were monitored and evaluated for compliance.

Eligibility

There was no documented control to ensure that the eligibility parameters entered into the computer system for eligibility determination were correct. Eligibility parameters were entered into the system by one employee without oversight or review of the information entered.

Reporting

The Annual Financial Reports, monthly Sponsor Claims, and School Food Authority Verification Collection Reports were prepared and submitted by one individual, without a documented oversight, review, or approval process.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), and Paid Lunch Equity

The Food Service Director completed the verifications of free and reduced price applications and performed the calculations for paid lunch equity without a documented and effective oversight, review, or approval process to ensure the accuracy.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Special Test and Provision - School Food Accounts

There were no documented controls to ensure that the correct receipts and disbursements were recorded in the School Lunch fund.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

OMB Circular A-133, Subpart C(1), 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, including segregation of duties, to ensure compliance with the grant and the Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management, Eligibility, Reporting, Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special Tests and Provisions - Paid Lunch Equity, and Special Tests and Provisions - School Food Accounts compliance requirements.

Views of Responsible Officials

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

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Reporting

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): 99914-130-TA01, 14215-130-PN01,
14216-130-PN01, 14217-098-PN01,
45716-130-PN01, 45717-098-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Finding: Material Weakness

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with the grant agreement and the Reporting compliance requirement.

Effective internal controls were not established to ensure the accuracy of two of the three Data Collection Reports - Termination Report and Disciplinary (Expulsion and Suspension) Report. The Termination Report and Disciplinary (Expulsion and Suspension) Report were prepared and submitted by one employee with no review or approval to ensure their accuracy.

Context

The lack of an effective internal control system related to the Reporting compliance requirement was isolated to the two Data Collection Reports.

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 SOUTHEASTERN SCHOOLS
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). . . ."

Cause

Management had not developed a system of internal controls, including segregation of duties, to ensure compliance with the Reporting compliance requirement.

Effect

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Reporting 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 2017-003

Subject: Special Education Cluster (IDEA) - Procurement

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): 14215-130-PN01, 14216-130-PN01,
14217-098-PN01, 45716-130-PN01,
45717-098-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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 procurement requirements.

The School Corporation did not have controls in place to ensure their purchasing policy complied with applicable state and local requirements or that it complied with federal compliance guidelines as addressed in 2 CFR 200.318.

The School Corporation's procurement policy did not address the methods of procurement required by 2 CFR 200.320. The policy did not include the procedures for each method of procurement (micro purchase, small purchase, or sealed bid), and the thresholds for each method as follows:

Procurement Method Dollar Amount

Micro-Purchase:	Less than \$3,500
Small Purchase:	\$3,500 or greater, but less than \$150,000
Exceeds Simplified Acquisition:	\$150,000 or greater

The School Corporation did not obtain an adequate number of price or rate quotes for small purchases exceeding \$3,500.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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). . . ."

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . ."

- (i) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

(b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENTS

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



13485 Cumberland Road
Fishers, IN 46038
P 317.594.4100
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www.hseschools.org

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: July 1, 2013 to June 30, 2015
Pass-Through Entity: Indiana Department of Education
Contact Person Responsible for Corrective Action: Michael Reuter, CFO
Contact Phone Number: 317-594-4100

Status of Audit Finding:

The district was asked to complete the Semi-Annual Activity Report for Employees working on a Single Cost Objective for School Year 2015-2016 for July 2015 through December 2015 which was compiled and submitted to Maxwell Walton with Crowe Horwath, LLP, on January 5, 2016

Since this finding, the district has been compiling this Certificate and are in compliance. The Certifications have been completed for January 2016 through June 2016 and July 2016 through December 2016.

On March 31, 2017, Tom Bell, Special Education Director, emailed INDOE our Corrective Action plan, along with a signed assurance, receipt of which was confirmed and accepted in a return email to Tom Bell from Leslie Sharp, IDEA Part B Grant Team, also on March 31, 2017, which stated "LEA has met the requirements and no further action is required".



(Signature)

CFO

(Title)

10-18-18

(Date)



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CORRECTIVE ACTION PLAN

Contact Person Responsible for Corrective Action: Michael A Reuter
Contact Phone Number: 317-594-4100

We concur with the findings:

FINDING 2017-001

Subject: Child Nutrition Cluster - Cash Management, Eligibility, Reporting,
Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP), Special
Tests and Provisions - Paid Lunch Equity, Special Tests and Provisions - School Food Accounts

Views of Responsible Officials:

The Food Service Department will establish the following controls in response to finding 2017-001:

Cash Management:

Per Net Cash Resources requirements, a cash balance monitoring form will be utilized to document analysis and review of the cash balance for the Food Service Department. The Food Service Administrative Assistant will prepare and date the form and the Director of Food Service will review the form then sign and date.

Eligibility:

A form will be developed to document the review of the eligibility parameters entered into the computer system for eligibility determination. The Assistant Director of Food Service will do the initial review and the Director of Food Service will complete the final approval with the newly developed form.

Reporting:

Annual Financial Report-

The Accounting Supervisor will provide the accounting information necessary to complete the Annual Financial Report to the Assistant Director and Director of Food Service. The Assistant Director of Food Service will input the information into the Annual Financial Report and the Director of Food Service will review the reported information for final approval. A report will be printed and the Assistant Director of Food Service will sign and date as *prepared by* and the Director of Food Service will sign and date as *approved by* to document the internal review and approval.



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Monthly Sponsor Claim-

The Food Service Administrative Assistant will prepare the monthly sponsor claim, the Director of Food Service will review and complete the final submission. The summary report will be printed and the Food Service Administrative Assistant will sign and date as *prepared by* and the Director of Food Service will sign and date as *approved by* to document internal review and approval.

School Food Authority Verification Collection Report:

The Assistant Director of Food Service will prepare and input the Verification collection report and the Director of Food Service will review the reported information and complete the final submission. The summary page will be printed and the Assistant Director of Food Service will sign and date as *prepared by* and the Director of Food Service will sign and date as *approved by* to document internal review and approval.

Special Tests and Provisions-Verification of Free and Reduced Price Applications (NSLP) and Paid Lunch Equity:

Verification of Free and Reduced Price Applications-

The Assistant Director of Food Service and the Director of Food Service will both review the applications chosen for verification and initial, documenting calculations were reviewed and are accurate.

Paid Lunch Equity-

The Paid Lunch Equity calculator will be prepared by the Assistant Director of Food Service then reviewed by the Director of Food Service to ensure the calculations are accurate. A printed copy of the final calculations will be signed and dated by the Assistant Director of Food Service as *prepared by* and the Director of Food Service as *approved by*.

Special Tests and Provisions-School Food Accounts

The Accounting Supervisor will provide a receipt to the Food Service Administrative Assistant documenting the monthly reimbursement funds that have been deposited into the Food Service account. The Director of Food Service will compare the receipt to the monthly claim report and initial and date the receipt to ensure that the correct amounts were received and recorded. The initialed/dated receipt will be filed with the monthly claim report.

FINDING 2017-002

Subject: Special Education Cluster (IDEA) - Reporting



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Views of Responsible Officials:

The Special Education Department will establish the following controls in response to finding 2017-002:

This will apply to all data reports. The data required for each report will be pulled from the student management system by the HSE Data Analyst staff. These reports will be forwarded to the appropriate building level administrator(s) and/or Central Office administrator(s) for review and approval. A form will be developed for signature to confirm review and approval of the data included in each report. The appropriate administrator will sign off on the form and return it to the Data Analyst staff. Once this signed form is received, the Data Analyst staff will submit the report as required. The signature form will be preserved with the data report.

FINDING 2017-003

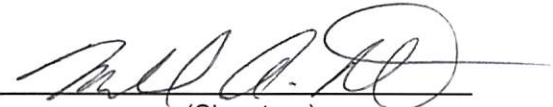
Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Views of Responsible Officials:

The Special Education Department will establish the following controls in response to finding 2017-003:

The Department of Exceptional Learners (Special Education) has developed a form that will be used by teachers requesting orders for items or services totaling \$3,500 or more in a school year. The form, along with quotes and any other applicable details, will be attached to the order requisition, which will then be submitted to the Director of Exceptional Learners for approval. Once approved by the Director, the quotes from non-winning and winning vendors will be retained by the Department of Exceptional Learners. The selected quote will be attached to the order information that is submitted to accounting to generate a purchase order.

Anticipated Completion Date: November 29, 2018.



(Signature)
CFO

(Title)
November 29, 2018

(Date)

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/>.