

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

CARMEL CLAY SCHOOLS
HAMILTON COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
02/01/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Roger McMichael	07-01-15 to 06-30-19
Superintendent of Schools	Dr. Nicholas Wahl Amy Dudley (co-interim) Roger McMichael (co-interim) Dr. Michael Beresford	07-01-15 to 10-10-17 10-11-17 to 06-30-18 10-11-17 to 06-30-18 07-01-18 to 06-30-19
President of the School Board	Layla Spanenberg	07-01-15 to 06-30-19



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE CARMEL CLAY SCHOOLS, HAMILTON COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the Carmel Clay 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 December 5, 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

December 5, 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 CARMEL CLAY 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 Carmel Clay 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 December 5, 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 and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as item 2017-001, that we consider to be a material weakness.

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*.

Carmel Clay Schools' Response to Findings

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 5, 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.

CARMEL CLAY 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	\$ 2,872,204	\$ 94,089,221	\$ 90,370,623	\$ (51,374)	\$ 6,539,428	\$ 97,845,549	\$ 95,790,259	\$ (51,375)	\$ 8,543,343
Referendum Tax Levy	4,858,220	14,512,895	16,911,783	-	2,459,332	14,922,716	14,595,974	-	2,786,074
Debt Service	7,510,925	21,834,465	19,923,366	(41,397)	9,380,627	23,763,847	22,853,128	94,768	10,386,114
Retirement/Severance Bond Debt Service	-	-	-	-	-	-	-	-	-
Capital Projects	1,822,918	15,034,588	13,409,987	-	3,447,519	14,485,831	15,025,702	(580,000)	2,327,648
School Transportation	360,510	8,360,364	8,062,608	51,374	709,640	8,576,331	8,354,877	51,375	982,469
School Bus Replacement	1,157,212	1,800,981	3,393,995	-	(435,802)	2,429,426	1,993,124	-	500
Retirement/Severance Bond	2,030,882	309,212	361,977	(1,033,433)	944,684	265,013	359,566	-	850,131
Construction	15,301,704	-	9,295,113	-	6,006,591	-	8,148,703	8,160,000	6,017,888
School Lunch	1,588,773	7,826,535	7,529,979	-	1,885,329	8,093,080	7,602,472	-	2,375,937
Textbook Rental	1,663,403	2,383,515	3,628,652	41,397	459,663	2,353,209	1,972,521	54,272	894,623
Self-Insurance	11,922,441	16,649,792	16,949,713	1,033,433	12,655,953	16,414,478	20,984,126	-	8,086,305
Levy Excess	1,205	-	-	-	1,205	-	-	-	1,205
Alternative Education	-	-	-	-	-	4,117	-	-	4,117
SAFE School Haven	114	-	-	-	114	-	-	-	114
Early Intervention Grant	-	-	-	-	-	76,207	74,520	-	1,687
Eric Clark Center	73,742	91,236	33,816	-	131,162	93,486	115,675	-	108,973
Donations	377,683	90,229	129,603	-	338,309	102,113	110,231	-	330,191
Ball State Grant	263	-	-	-	263	-	-	-	263
CEC Grant	267	-	-	-	267	-	124	-	143
Writing Initiative	1,665	-	-	-	1,665	-	-	-	1,665
Formative Assessment, 2016-17	-	-	-	-	-	175,144	21,164	-	153,980
Formative Assessment, 2018-19	-	158,925	-	-	158,925	-	158,925	-	-
High Ability Grant, 2014-15	24,257	-	24,257	-	-	-	-	-	-
High Ability Grant, 2015-16	-	131,311	106,071	-	25,240	-	25,240	-	-
High Ability Grant, 2016-17	-	-	-	-	-	134,543	106,111	-	28,432
Economic Education Mini Grant	1	-	-	-	1	-	-	-	1
Secured Schools Safety Grant	-	50,000	50,000	-	-	92,798	100,000	-	(7,202)
Recreational Activities	14,982	-	-	-	14,982	-	-	-	14,982
Scholarships and Awards	89	-	-	-	89	-	-	-	89
Non-English Speaking Programs	1,076	-	-	-	1,076	-	-	-	1,076
Non-English Speaking, 2014-15	45,237	-	45,237	-	-	-	-	-	-
Non-English Speaking, 2015-16	-	99,679	37,026	-	62,653	-	62,653	-	-
Non-English Speaking, 2016-17	-	-	-	-	-	104,441	43,868	-	60,573
School Technology	155,099	113,666	252,744	-	16,021	214,178	167,732	-	62,467
Career and Technical Performance Grant	-	-	-	-	-	40,046	26,998	-	13,048
DC Trip	6,654	25,442	7,690	-	24,406	22,870	28,518	-	18,758

CARMEL CLAY 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
Title I	(2,320)	-	-	-	(2,320)	-	-	-	(2,320)
Title I, 2014-15	(17,002)	6,856	(10,146)	-	-	-	-	-	-
Title I, 2015-16	-	347,105	347,105	-	-	-	-	-	-
Title I, 2016-17	-	-	-	-	-	303,756	312,324	-	(8,568)
Part B TA Grant	(889)	889	-	-	-	-	-	-	-
5220 Federal Carry-Over	(2,858)	-	-	-	(2,858)	-	-	-	(2,858)
5230 Federal Carry-Over	-	1,552	-	-	1,552	-	-	-	1,552
Federal Part B 611 2013-14	(14,034)	142,442	128,408	-	-	-	-	-	-
Federal Part B 611 2014-15	(105,980)	312,620	207,061	-	(421)	99,104	98,683	-	-
Federal Part B 611 2015-16	-	2,231,902	2,317,878	-	(85,976)	530,889	445,825	-	(912)
Federal Part B 611 2016-17	-	-	-	-	-	2,268,996	2,365,162	-	(96,166)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	1,655	-	-	-	1,655	-	-	-	1,655
IDEA	1,512	-	-	-	1,512	-	-	-	1,512
Federal Early Childhood	153	-	-	-	153	-	-	-	153
Federal Early Childhood 2014-15	(4,836)	16,230	11,394	-	-	5,277	5,277	-	-
Federal Early Childhood 2015-16	-	65,232	68,296	-	(3,064)	13,751	10,687	-	-
Federal Early Childhood 2016-17	-	-	-	-	-	67,275	70,309	-	(3,034)
Federal Preschool Carry-Over	1,081	-	-	-	1,081	-	-	-	1,081
Milken Educator Grant	1,020	-	-	-	1,020	-	-	-	1,020
Title IV	367	-	-	-	367	-	-	-	367
Improving Teacher Quality, No Child Left, Title II, Part A	-	-	-	-	-	-	-	-	-
Title II, Part A FFY2013	(7,000)	91,100	84,100	-	-	-	-	-	-
Title II, Part A FFY2014	-	99,261	115,764	-	(16,503)	65,732	49,229	-	-
Title II, Part A	-	-	-	-	-	10,000	10,000	-	-
Title II, Part A FFY2015	-	-	-	-	-	92,859	103,576	-	(10,717)
Title III - English Proficiency Migrant	-	29,179	32,179	-	(3,000)	26,229	23,229	-	-
Title III, 2013-14	-	10,715	10,715	-	-	-	-	-	-
Title III, 2014-16	(3,785)	20,650	16,865	-	-	8,743	8,743	-	-
Title III, 2015-17	-	40,073	45,579	-	(5,506)	48,362	42,856	-	-
Title III, 2016-18	-	-	-	-	-	62,466	62,466	-	-
Payroll Clearing	448,362	58,943,563	59,073,476	-	318,449	60,682,257	60,701,646	-	299,061
Prepaid Meals	275,003	245,130	264,665	-	255,469	250,610	196,403	-	309,676
Totals	<u>\$ 52,363,527</u>	<u>\$ 246,165,003</u>	<u>\$ 253,237,578</u>	<u>\$ -</u>	<u>\$ 45,290,952</u>	<u>\$ 254,745,730</u>	<u>\$ 263,228,625</u>	<u>\$ 7,729,040</u>	<u>\$ 44,537,096</u>

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

CARMEL CLAY 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.

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

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

CARMEL CLAY 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.

CARMEL CLAY 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.

C. Additional Pension Plans

The School Corporation also contributes to additional pension plans unique to the School Corporation. Information regarding these plans may be obtained from the School Corporation.

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the School Corporation's participation in numerous reimbursable grant programs that require the expenditure of funds prior to the grant distribution. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2016 and 2017.

The School Bus Replacement fund was overdrawn as of June 30, 2016, due to the timing of planned expenditures by the School Corporation, this was corrected with receipt of the December tax distribution. The School Bus Replacement fund was not overdrawn as of June 30, 2017.

CARMEL CLAY SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. *Holding Corporations*

The School Corporation has entered into capital leases with Carmel 2002 School Building Corporation and Carmel High School Building Corporation (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related-parties of the School Corporation. Lease payments during the fiscal years 2016 and 2017 totaled \$16,880,625 and \$15,976,650, respectively.

Note 9. *Subsequent Event*

On April 18, 2018, the School Corporation issued General Obligation Bonds (Series 2018) in the amount of \$8,195,000 for renovations and miscellaneous facility upgrades for Carmel High School, Forest Dale Elementary School, and for the acquisition and installation of technology upgrades throughout the School Corporation's facilities.

Note 10. *Other Postemployment Benefits*

The School Corporation provides to eligible retirees and their spouses the following benefits: health, dental, and vision insurance. Retired administrators may also receive life insurance; however, the retirees must pay the full premium. 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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CARMEL CLAY 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	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 2,872,204	\$ 4,858,220	\$ 7,510,925	\$ -	\$ 1,822,918	\$ 360,510	\$ 1,157,212	\$ 2,030,882	\$ 15,301,704
Receipts:									
Local sources	2,843,810	14,512,895	21,834,465	-	15,031,933	8,360,364	1,800,981	309,212	-
Intermediate sources	9	-	-	-	-	-	-	-	-
State sources	91,245,239	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	163	-	-	-	2,655	-	-	-	-
Total receipts	94,089,221	14,512,895	21,834,465	-	15,034,588	8,360,364	1,800,981	309,212	-
Disbursements:									
Instruction	70,111,092	5,247,809	-	-	-	-	-	361,977	-
Support services	18,646,868	11,663,974	-	-	6,660,460	8,062,608	3,393,995	-	80,000
Noninstructional services	1,612,663	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	6,749,527	-	-	-	9,215,113
Debt service	-	-	19,923,366	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	90,370,623	16,911,783	19,923,366	-	13,409,987	8,062,608	3,393,995	361,977	9,295,113
Excess (deficiency) of receipts over disbursements	3,718,598	(2,398,888)	1,911,099	-	1,624,601	297,756	(1,593,014)	(52,765)	(9,295,113)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	51,374	-	-	-
Transfers out	(51,374)	-	(41,397)	-	-	-	-	(1,033,433)	-
Total other financing sources (uses)	(51,374)	-	(41,397)	-	-	51,374	-	(1,033,433)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,667,224	(2,398,888)	1,869,702	-	1,624,601	349,130	(1,593,014)	(1,086,198)	(9,295,113)
Cash and investments - ending	\$ 6,539,428	\$ 2,459,332	\$ 9,380,627	\$ -	\$ 3,447,519	\$ 709,640	\$ (435,802)	\$ 944,684	\$ 6,006,591

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education	SAFE School Haven	Early Intervention Grant	Eric Clark Center	Donations
Cash and investments - beginning	\$ 1,588,773	\$ 1,663,403	\$ 11,922,441	\$ 1,205	\$ -	\$ 114	\$ -	\$ 73,742	\$ 377,683
Receipts:									
Local sources	6,399,643	2,275,698	15,618,399	-	-	-	-	-	90,229
Intermediate sources	-	-	-	-	-	-	-	91,236	-
State sources	134,620	107,817	-	-	-	-	-	-	-
Federal sources	1,289,122	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	3,150	-	1,031,393	-	-	-	-	-	-
Total receipts	7,826,535	2,383,515	16,649,792	-	-	-	-	91,236	90,229
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	90,563
Support services	13,766	3,628,652	28,991	-	-	-	-	-	17,518
Noninstructional services	7,516,213	-	-	-	-	-	-	-	5,745
Facilities acquisition and construction	-	-	-	-	-	-	-	33,816	15,777
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	16,920,722	-	-	-	-	-	-
Total disbursements	7,529,979	3,628,652	16,949,713	-	-	-	-	33,816	129,603
Excess (deficiency) of receipts over disbursements	296,556	(1,245,137)	(299,921)	-	-	-	-	57,420	(39,374)
Other financing sources (uses):									
Transfers in	-	41,397	1,033,433	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	41,397	1,033,433	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	296,556	(1,203,740)	733,512	-	-	-	-	57,420	(39,374)
Cash and investments - ending	\$ 1,885,329	\$ 459,663	\$ 12,655,953	\$ 1,205	\$ -	\$ 114	\$ -	\$ 131,162	\$ 338,309

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

	Ball State Grant	CEC Grant	Writing Initiative	Formative Assessment, 2016-17	Formative Assessment, 2018-19	High Ability Grant, 2014-15	High Ability Grant, 2015-16	High Ability Grant, 2016-17	Economic Education Mini Grant
Cash and investments - beginning	\$ 263	\$ 267	\$ 1,665	\$ -	\$ -	\$ 24,257	\$ -	\$ -	\$ 1
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	158,925	-	131,311	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	158,925	-	131,311	-	-
Disbursements:									
Instruction	-	-	-	-	-	23,673	22,469	-	-
Support services	-	-	-	-	-	584	83,602	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	24,257	106,071	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	158,925	(24,257)	25,240	-	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	158,925	(24,257)	25,240	-	-
Cash and investments - ending	\$ 263	\$ 267	\$ 1,665	\$ -	\$ 158,925	\$ -	\$ 25,240	\$ -	\$ 1

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

	Secured Schools Safety Grant	Recreational Activities	Scholarships and Awards	Non-English Speaking Programs	Non-English Speaking, 2014-15	Non-English Speaking, 2015-16	Non-English Speaking, 2016-17	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 14,982	\$ 89	\$ 1,076	\$ 45,237	\$ -	\$ -	\$ 155,099	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	100,622	-
State sources	50,000	-	-	-	-	99,679	-	13,044	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	50,000	-	-	-	-	99,679	-	113,666	-
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	50,000	-	-	-	45,237	37,026	-	252,744	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	50,000	-	-	-	45,237	37,026	-	252,744	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	(45,237)	62,653	-	(139,078)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	(45,237)	62,653	-	(139,078)	-
Cash and investments - ending	\$ -	\$ 14,982	\$ 89	\$ 1,076	\$ -	\$ 62,653	\$ -	\$ 16,021	\$ -

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

	DC Trip	Title I	Title I, 2014-15	Title I, 2015-16	Title I, 2016-17	Part B TA Grant	5220 Federal Carry-Over	5230 Federal Carry-Over	Federal Part B 611 2013-14
Cash and investments - beginning	\$ 6,654	\$ (2,320)	\$ (17,002)	\$ -	\$ -	\$ (889)	\$ (2,858)	\$ 1,552	\$ (14,034)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	6,856	347,105	-	889	-	-	142,442
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	25,442	-	-	-	-	-	-	-	-
Total receipts	25,442	-	6,856	347,105	-	889	-	-	142,442
Disbursements:									
Instruction	-	-	(13,129)	285,297	-	-	-	-	128,408
Support services	-	-	2,983	61,808	-	-	-	-	-
Noninstructional services	7,690	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	7,690	-	(10,146)	347,105	-	-	-	-	128,408
Excess (deficiency) of receipts over disbursements	17,752	-	17,002	-	-	889	-	-	14,034
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,752	-	17,002	-	-	889	-	-	14,034
Cash and investments - ending	\$ 24,406	\$ (2,320)	\$ -	\$ -	\$ -	\$ -	\$ (2,858)	\$ 1,552	\$ -

CARMEL CLAY 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 Part B 611 2014-15	Federal Part B 611 2015-16	Federal Part B 611 2016-17	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA	Federal Early Childhood	Federal Early Childhood 2014-15	Federal Early Childhood 2015-16	Federal Early Childhood 2016-17
Cash and investments - beginning	\$ (105,980)	\$ -	\$ -	\$ 1,655	\$ 1,512	\$ 153	\$ (4,836)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	312,620	2,231,902	-	-	-	-	16,230	65,232	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	312,620	2,231,902	-	-	-	-	16,230	65,232	-
Disbursements:									
Instruction	201,795	1,704,553	-	-	-	-	11,394	68,296	-
Support services	5,266	613,325	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	207,061	2,317,878	-	-	-	-	11,394	68,296	-
Excess (deficiency) of receipts over disbursements	105,559	(85,976)	-	-	-	-	4,836	(3,064)	-
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	105,559	(85,976)	-	-	-	-	4,836	(3,064)	-
Cash and investments - ending	\$ (421)	\$ (85,976)	\$ -	\$ 1,655	\$ 1,512	\$ 153	\$ -	\$ (3,064)	\$ -

CARMEL CLAY 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 Preschool Carry-Over	Milken Educator Grant	Title IV	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A FFY2013	Title II, Part A FFY2014	Title II, Part A	Title II, Part A FFY2015
Cash and investments - beginning	\$ 1,081	\$ 1,020	\$ 367	\$ -	\$ (7,000)	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	11,703	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	79,397	99,261	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	91,100	99,261	-	-
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	84,100	115,764	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	84,100	115,764	-	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	7,000	(16,503)	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	7,000	(16,503)	-	-
Cash and investments - ending	\$ 1,081	\$ 1,020	\$ 367	\$ -	\$ -	\$ (16,503)	\$ -	\$ -

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

	Title III - English Proficiency Migrant	Title III, 2013-14	Title III, 2014-16	Title III, 2015-17	Title III, 2016-18	Payroll Clearing	Prepaid Meals	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (3,785)	\$ -	\$ -	\$ 448,362	\$ 275,003	\$ 52,363,527
Receipts:								
Local sources	-	-	-	-	-	-	-	89,089,332
Intermediate sources	-	-	-	-	-	-	-	191,867
State sources	-	-	-	-	-	-	-	91,940,635
Federal sources	29,179	10,715	20,650	40,073	-	-	-	4,691,673
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	58,943,563	245,130	60,251,496
Total receipts	29,179	10,715	20,650	40,073	-	58,943,563	245,130	246,165,003
Disbursements:								
Instruction	-	-	-	-	-	-	-	78,244,197
Support services	32,179	10,715	16,865	45,579	-	-	-	53,654,609
Noninstructional services	-	-	-	-	-	-	-	9,142,311
Facilities acquisition and construction	-	-	-	-	-	-	-	16,014,233
Debt service	-	-	-	-	-	-	-	19,923,366
Nonprogrammed charges	-	-	-	-	-	59,073,476	264,665	76,258,862
Total disbursements	32,179	10,715	16,865	45,579	-	59,073,476	264,665	253,237,578
Excess (deficiency) of receipts over disbursements	(3,000)	-	3,785	(5,506)	-	(129,913)	(19,534)	(7,072,575)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	1,126,204
Transfers out	-	-	-	-	-	-	-	(1,126,204)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,000)	-	3,785	(5,506)	-	(129,913)	(19,534)	(7,072,575)
Cash and investments - ending	\$ (3,000)	\$ -	\$ -	\$ (5,506)	\$ -	\$ 318,449	\$ 255,469	\$ 45,290,952

CARMEL CLAY 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	Capital Projects	School Transportation	School Bus Replacement	Retirement/ Severance Bond	Construction
Cash and investments - beginning	\$ 6,539,428	\$ 2,459,332	\$ 9,380,627	\$ -	\$ 3,447,519	\$ 709,640	\$ (435,802)	\$ 944,684	\$ 6,006,591
Receipts:									
Local sources	2,667,294	14,922,716	23,763,847	-	14,485,831	8,576,331	1,849,426	265,013	-
Intermediate sources	15	-	-	-	-	-	-	-	-
State sources	95,177,200	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	580,000	-	-
Other receipts	1,040	-	-	-	-	-	-	-	-
Total receipts	97,845,549	14,922,716	23,763,847	-	14,485,831	8,576,331	2,429,426	265,013	-
Disbursements:									
Instruction	73,082,820	4,245,950	-	-	-	-	-	359,566	-
Support services	21,018,091	10,350,024	-	-	7,484,343	8,354,877	1,993,124	-	-
Noninstructional services	1,689,348	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	7,541,359	-	-	-	8,148,703
Debt service	-	-	22,853,128	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	95,790,259	14,595,974	22,853,128	-	15,025,702	8,354,877	1,993,124	359,566	8,148,703
Excess (deficiency) of receipts over disbursements	2,055,290	326,742	910,719	-	(539,871)	221,454	436,302	(94,553)	(8,148,703)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	149,040	-	-	-	-	-	8,160,000
Transfers in	-	-	-	-	1,510,269	51,375	-	-	-
Transfers out	(51,375)	-	(54,272)	-	(2,090,269)	-	-	-	-
Total other financing sources (uses)	(51,375)	-	94,768	-	(580,000)	51,375	-	-	8,160,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,003,915	326,742	1,005,487	-	(1,119,871)	272,829	436,302	(94,553)	11,297
Cash and investments - ending	\$ 8,543,343	\$ 2,786,074	\$ 10,386,114	\$ -	\$ 2,327,648	\$ 982,469	\$ 500	\$ 850,131	\$ 6,017,888

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

	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Alternative Education	SAFE School Haven	Early Intervention Grant	Eric Clark Center	Donations
Cash and investments - beginning	\$ 1,885,329	\$ 459,663	\$ 12,655,953	\$ 1,205	\$ -	\$ 114	\$ -	\$ 131,162	\$ 338,309
Receipts:									
Local sources	6,673,251	2,226,534	16,137,705	-	-	-	-	-	102,113
Intermediate sources	-	-	-	-	-	-	-	93,486	-
State sources	135,074	126,675	-	-	4,117	-	76,207	-	-
Federal sources	1,281,755	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	3,000	-	276,773	-	-	-	-	-	-
Total receipts	8,093,080	2,353,209	16,414,478	-	4,117	-	76,207	93,486	102,113
Disbursements:									
Instruction	-	-	-	-	-	-	74,520	-	92,245
Support services	150,755	1,972,521	12,324	-	-	-	-	-	15,806
Noninstructional services	7,451,717	-	-	-	-	-	-	-	2,180
Facilities acquisition and construction	-	-	-	-	-	-	-	115,675	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	20,971,802	-	-	-	-	-	-
Total disbursements	7,602,472	1,972,521	20,984,126	-	-	-	74,520	115,675	110,231
Excess (deficiency) of receipts over disbursements	490,608	380,688	(4,569,648)	-	4,117	-	1,687	(22,189)	(8,118)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	54,272	-	-	-	-	-	-	3,492
Transfers out	-	-	-	-	-	-	-	-	(3,492)
Total other financing sources (uses)	-	54,272	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	490,608	434,960	(4,569,648)	-	4,117	-	1,687	(22,189)	(8,118)
Cash and investments - ending	\$ 2,375,937	\$ 894,623	\$ 8,086,305	\$ 1,205	\$ 4,117	\$ 114	\$ 1,687	\$ 108,973	\$ 330,191

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

	Ball State Grant	CEC Grant	Writing Initiative	Formative Assessment, 2016-17	Formative Assessment, 2018-19	High Ability Grant, 2014-15	High Ability Grant, 2015-16	High Ability Grant, 2016-17	Economic Education Mini Grant
Cash and investments - beginning	\$ 263	\$ 267	\$ 1,665	\$ -	\$ 158,925	\$ -	\$ 25,240	\$ -	\$ 1
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	175,144	-	-	-	134,543	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	175,144	-	-	-	134,543	-
Disbursements:									
Instruction	-	124	-	-	-	-	25,228	36,775	-
Support services	-	-	-	21,164	158,925	-	12	69,336	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	124	-	21,164	158,925	-	25,240	106,111	-
Excess (deficiency) of receipts over disbursements	-	(124)	-	153,980	(158,925)	-	(25,240)	28,432	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(124)	-	153,980	(158,925)	-	(25,240)	28,432	-
Cash and investments - ending	\$ 263	\$ 143	\$ 1,665	\$ 153,980	\$ -	\$ -	\$ -	\$ 28,432	\$ 1

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

	Secured Schools Safety Grant	Recreational Activities	Scholarships and Awards	Non-English Speaking Programs	Non-English Speaking, 2014-15	Non-English Speaking, 2015-16	Non-English Speaking, 2016-17	School Technology	Career and Technical Performance Grant
Cash and investments - beginning	\$ -	\$ 14,982	\$ 89	\$ 1,076	\$ -	\$ 62,653	\$ -	\$ 16,021	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	199,230	-
State sources	92,798	-	-	-	-	-	104,441	14,948	40,046
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	92,798	-	-	-	-	-	104,441	214,178	40,046
Disbursements:									
Instruction	-	-	-	-	-	-	-	-	26,998
Support services	100,000	-	-	-	-	62,653	43,868	167,732	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	100,000	-	-	-	-	62,653	43,868	167,732	26,998
Excess (deficiency) of receipts over disbursements	(7,202)	-	-	-	-	(62,653)	60,573	46,446	13,048
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,202)	-	-	-	-	(62,653)	60,573	46,446	13,048
Cash and investments - ending	\$ (7,202)	\$ 14,982	\$ 89	\$ 1,076	\$ -	\$ -	\$ 60,573	\$ 62,467	\$ 13,048

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

	DC Trip	Title I	Title I, 2014-15	Title I, 2015-16	Title I, 2016-17	Part B TA Grant	5220 Federal Carry-Over	5230 Federal Carry-Over	Federal Part B 611 2013-14
Cash and investments - beginning	\$ 24,406	\$ (2,320)	\$ -	\$ -	\$ -	\$ -	\$ (2,858)	\$ 1,552	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	303,756	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	22,870	-	-	-	-	-	-	-	-
Total receipts	22,870	-	-	-	303,756	-	-	-	-
Disbursements:									
Instruction	-	-	-	-	219,523	-	-	-	-
Support services	-	-	-	-	92,801	-	-	-	-
Noninstructional services	28,518	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	28,518	-	-	-	312,324	-	-	-	-
Excess (deficiency) of receipts over disbursements	(5,648)	-	-	-	(8,568)	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,648)	-	-	-	(8,568)	-	-	-	-
Cash and investments - ending	\$ 18,758	\$ (2,320)	\$ -	\$ -	\$ (8,568)	\$ -	\$ (2,858)	\$ 1,552	\$ -

CARMEL CLAY 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 Part B 611 2014-15	Federal Part B 611 2015-16	Federal Part B 611 2016-17	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA	Federal Early Childhood	Federal Early Childhood 2014-15	Federal Early Childhood 2015-16	Federal Early Childhood 2016-17
Cash and investments - beginning	\$ (421)	\$ (85,976)	\$ -	\$ 1,655	\$ 1,512	\$ 153	\$ -	\$ (3,064)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	99,104	530,889	2,268,996	-	-	-	5,277	13,751	67,275
Interfund loans	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	99,104	530,889	2,268,996	-	-	-	5,277	13,751	67,275
Disbursements:									
Instruction	98,518	314,149	1,804,662	-	-	-	5,277	10,687	70,309
Support services	165	131,676	560,500	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	98,683	445,825	2,365,162	-	-	-	5,277	10,687	70,309
Excess (deficiency) of receipts over disbursements	421	85,064	(96,166)	-	-	-	-	3,064	(3,034)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	421	85,064	(96,166)	-	-	-	-	3,064	(3,034)
Cash and investments - ending	\$ -	\$ (912)	\$ (96,166)	\$ 1,655	\$ 1,512	\$ 153	\$ -	\$ -	\$ (3,034)

CARMEL CLAY 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 Preschool Carry-Over	Milken Educator Grant	Title IV	Improving Teacher Quality, No Child Left, Title II, Part A	Title II, Part A FFY2013	Title II, Part A FFY2014	Title II, Part A	Title II, Part A FFY2015
Cash and investments - beginning	\$ 1,081	\$ 1,020	\$ 367	\$ -	\$ -	\$ (16,503)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	65,732	10,000	92,859
Interfund loans	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	65,732	10,000	92,859
Disbursements:								
Instruction	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	49,229	10,000	103,576
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	49,229	10,000	103,576
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	16,503	-	(10,717)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	16,503	-	(10,717)
Cash and investments - ending	\$ 1,081	\$ 1,020	\$ 367	\$ -	\$ -	\$ -	\$ -	\$ (10,717)

CARMEL CLAY 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 III - English Proficiency Migrant	Title III, 2013-14	Title III, 2014-16	Title III, 2015-17	Title III, 2016-18	Payroll Clearing	Prepaid Meals	Totals
Cash and investments - beginning	\$ (3,000)	\$ -	\$ -	\$ (5,506)	\$ -	\$ 318,449	\$ 255,469	\$ 45,290,952
Receipts:								
Local sources	-	-	-	-	-	-	-	91,670,061
Intermediate sources	-	-	-	-	-	-	-	292,731
State sources	-	-	-	-	-	-	-	96,081,193
Federal sources	26,229	-	8,743	48,362	62,466	-	-	4,885,194
Interfund loans	-	-	-	-	-	-	-	580,000
Other receipts	-	-	-	-	-	60,682,257	250,610	61,236,551
Total receipts	26,229	-	8,743	48,362	62,466	60,682,257	250,610	254,745,730
Disbursements:								
Instruction	-	-	-	-	-	-	-	80,467,351
Support services	23,229	-	8,743	42,856	62,466	-	-	53,060,796
Noninstructional services	-	-	-	-	-	-	-	9,171,763
Facilities acquisition and construction	-	-	-	-	-	-	-	15,805,737
Debt service	-	-	-	-	-	-	-	22,853,128
Nonprogrammed charges	-	-	-	-	-	60,701,646	196,403	81,869,850
Total disbursements	23,229	-	8,743	42,856	62,466	60,701,646	196,403	263,228,625
Excess (deficiency) of receipts over disbursements	3,000	-	-	5,506	-	(19,389)	54,208	(8,482,896)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	8,309,040
Transfers in	-	-	-	-	-	-	-	1,619,408
Transfers out	-	-	-	-	-	-	-	(2,199,408)
Total other financing sources (uses)	-	-	-	-	-	-	-	7,729,040
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,000	-	-	5,506	-	(19,389)	54,208	(753,856)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 299,061	\$ 309,676	\$ 44,537,096

CARMEL CLAY 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>\$ 46,081</u>	<u>\$ 168,797</u>

CARMEL CLAY SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2017

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Carmel 2002 School Building Corporation	West Clay ES; additions to 4 elem schools	\$ 2,575,500	6/24/2014	12/31/2023
Carmel 2002 School Building Corporation	Creekside MS; improvements to Carmel MS Clay MS and Forest Dale ES	12,239,150	10/2/2012	12/31/2024
Carmel High School Building Corporation	Carmel HS; additional and improvements (Series 2014)	<u>1,444,000</u>	10/16/2014	12/31/2017
Total governmental activities		<u>16,258,650</u>		
Total of annual lease payments		<u>\$ 16,258,650</u>		

Type	Description of Debt	Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:				
General obligation bonds	GO Bonds Series 2014		\$ 955,000	\$ 969,325
General obligation bonds	GO Bonds Series 2015		8,150,000	4,715,772
General obligation bonds	GO Bonds Series 2016		<u>7,175,000</u>	<u>2,338,250</u>
Total governmental activities			<u>16,280,000</u>	<u>8,023,347</u>
Totals			<u>\$ 16,280,000</u>	<u>\$ 8,023,347</u>

CARMEL CLAY 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	\$ 10,656,624
Buildings	227,009,621
Improvements other than buildings	3,065,398
Machinery, equipment, and vehicles	<u>9,985,682</u>
Total governmental activities	<u>250,717,325</u>
Total capital assets	<u><u>\$ 250,717,325</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

TO: THE OFFICIALS OF THE CARMEL CLAY SCHOOLS, HAMILTON COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the Carmel Clay 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 items 2017-003 and 2017-004. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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 2017-002, 2017-003, 2017-004, and 2017-005, 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
Paul D. Joyce, CPA
State Examiner

December 5, 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.

CARMEL CLAY 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					
School Breakfast			FY2016/FY2017	\$ -	\$ 141,277	\$ -	\$ 146,066
Total - School Breakfast Program				-	141,277	-	146,066
National School Lunch Program	Indiana Department of Education	10.555					
School Lunch			FY2016/FY2017	-	1,147,845	-	1,135,688
Commodities			FY2016/FY2017	-	444,937	-	522,914
Total - National School Lunch Program				-	1,592,782	-	1,658,602
Total - Child Nutrition Cluster				-	1,734,059	-	1,804,668
Total - Department of Agriculture				-	1,734,059	-	1,804,668
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
Part B 611 Grant (ages 3-21)			14214-131-PN01	-	142,442	-	-
Part B 611 Grant (ages 3-21)			14215-131-PN01	-	312,620	-	99,104
Part B 611 Grant (ages 3-21)			14216-099-PN01	-	2,231,902	-	530,889
Part B 611 Grant (ages 3-21)			14217-099-PN01	-	-	-	2,268,996
Technical Assistance Grant: FY2014 Part B			99914-131-TA01	-	889	-	-
Total - Special Education_Grants to States				-	2,687,853	-	2,898,989
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Part B 619 Grant (ages 3-5)			45715-131-PN01	-	16,230	-	5,277
Part B 619 Grants (ages 3-5)			45716-099-PN01	-	65,232	-	13,751
Part B 619 Grant (ages 3-5)			45717-099-PN01	-	-	-	67,275
Total - Special Education_Preschool Grants				-	81,462	-	86,303
Total - Special Education Cluster (IDEA)				-	2,769,315	-	2,985,292

CARMEL CLAY 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 Part A			14-3060	-	6,856	-	-
Title I Part A			15-3060	-	347,105	-	-
Title I Part A			S010A150014	-	-	-	303,756
Total - Title I Grants to Local Educational Agencies				-	353,961	-	303,756
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III Immigrant Influx 14-16			01115-004-FLUX	-	29,179	-	3,729
Title III Immigrant Influx 15-17			01116-003-FLUX	-	-	-	22,500
Title III			01116-028-PN01	-	40,073	-	48,362
Title III			01117-027-PN01	-	-	-	62,466
Title III			1114-025-PN01	-	10,715	-	-
Title III			1115-025-PN01	-	20,650	-	8,743
Total - English Language Acquisition State Grants				-	100,617	-	145,800
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title II Part A			13-3060	-	79,397	-	-
Title II Part A			14-3060	-	99,261	-	65,732
Title II Part A			16-3060	-	-	-	10,000
Title II Part A			S367A150015	-	-	-	92,859
Total - Supporting Effective Instruction State Grants				-	178,658	-	168,591
Total - Department of Education				-	3,402,551	-	3,603,439
Total federal awards expended				\$ -	\$ 5,136,610	\$ -	\$ 5,408,107

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

CARMEL CLAY 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.

CARMEL CLAY 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 weaknesses identified?	yes
Significant deficiencies 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:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
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

Section II - Financial Statement Findings

FINDING 2017-001

Subject: Preparation of the Schedule of Expenditure of Federal Awards
Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which was the source of the School Corporation's SEFA. A documented review of the SEFA by an individual other than the preparer was not performed.

Context

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

Criteria

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

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

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

Cause

Management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

Without a proper system of internal control in place that operated effectively, material misstatements of the SEFA could have remained undetected.

Recommendation

We recommended that the School Corporation's management establish controls related to the preparation of the SEFA.

Views of Responsible Officials

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

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-002

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed,
Allowable Costs/Cost Principles, Reporting, Special
Tests and Provisions - Paid Lunch Equity

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program

CFDA Numbers: 10.553, 10.555

Federal Award Numbers and Years (or Other Identifying Numbers): FY2016/FY2017

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles,
Reporting, Special Tests and Provisions - Paid Lunch Equity

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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Controls had not been designed or implemented properly over payroll-related disbursements from the School Lunch fund. There was not a documented oversight, review, or approval process in place to ensure that employees were being paid the correct amounts from the proper funds.

Reporting

One employee prepared and submitted the Monthly Sponsor Claims for Reimbursement, Annual Financial Report, and School Food Authority (SFA) Verification Collection Report without a documented oversight, review, or approval process in place to ensure their accuracy.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The Food Service Director performed the paid lunch equity calculations using the online calculator tool without a documented oversight, review, or approval process in place to ensure their accuracy.

Context

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

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. . . ."

CARMEL CLAY 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 to ensure compliance with the Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions - Paid Lunch Equity 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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

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 Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Reporting, and Special Tests and Provisions - Paid Lunch Equity 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 2017-003

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2016/FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Other Matters

CARMEL CLAY 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 and Suspension and Debarment compliance requirement.

Procurement

The School Corporation used an education service center to solicit, evaluate, and award bids for food and beverage purchases; however, the School Corporation did not have documented procedures in place to ensure that their food service department used only vendors awarded by the service center.

Suspension and Debarment

The School Corporation did not perform procedures addressed in the grant agreement to verify that its vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation in noncompliance 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.

FINDING 2017-004

Subject: Child Nutrition Cluster - Program Income
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY2016/FY2017
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Program Income
Audit Findings: Material Weakness, Others Matters

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that the food service program reports were reconciled to program income receipted in the School Lunch fund. All receipts from sales, as well as prepayments, were recorded directly into the School Lunch fund. Transfers to the Prepaid fund were not made timely; they occurred every six months.

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

"*Financial assurances.* The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . .

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, September 2008)

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system place the School Corporation in non-compliance with the grant agreement and the Program Income 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 Program Income 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 2017-005

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-131-PN01, 14215-131-PN01,
14216-099-PN01, 14217-099-PN01,
45715-131-PN01, 45716-099-PN01,
45717-099-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Allowable Costs/Cost Principles

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-003.

Condition

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

There was not a documented oversight, review or approval process in place over payroll disbursements to ensure that employees were being paid the correct amount or from the proper funds.

CARMEL CLAY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Context

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles 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 Allowable Costs/Cost Principles compliance requirement.

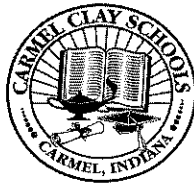
Views of Responsible Officials

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.



CARMEL CLAY SCHOOLS

5201 East Main Street, Carmel, Indiana 46033 • Telephone: 317.844.9961 • Fax: 317.844.9965 • www.ccs.k12.in.us

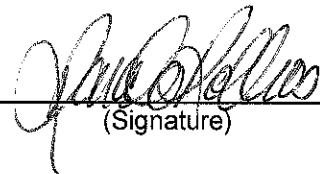
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal year in which the finding initially occurred: FY14 & FY15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a
Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Status of Audit Finding:

Carmel Clay Schools has modified its internal controls subsequent to the State Board of Accounts finding. Preparation of the bank reconciliation is now completed by the Deputy Treasurer and reviewed by the Treasurer. Both the preparer and the reviewer sign off on the bank reconciliation.



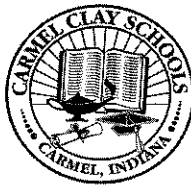
(Signature)

Supervisor of Accounting

(Title)

11-30-18

(Date)



CARMEL CLAY SCHOOLS

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal year in which the finding initially occurred: FY14 & FY15
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: n/a
Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Status of Audit Finding:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding. The SEFA is now completed by the Accounting Specialist and reviewed by the Supervisor of Accounting and Corporation Treasurer before submission; these procedures were implemented subsequent the current audit period.



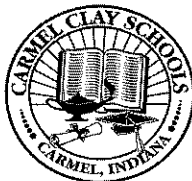
(Signature)

Supervisor of Accounting

(Title)

11-26-18

(Date)



CARMEL CLAY SCHOOLS

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-003

Fiscal year in which the finding initially occurred: FY14 & FY15

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

Contact Person(s) Responsible for Corrective Action: Kara Kollros, Jay Arthur

Contact Phone Number: 317-844-9961

Status of Audit Finding:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding. Grant administrators are now reviewing all personnel expenses for accuracy on a quarterly basis; this procedure was implemented subsequent the current audit period.



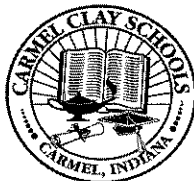
(Signature)

Supervisor of Accounting

(Title)

11-26-18

(Date)



CARMEL CLAY SCHOOLS

5201 East Main Street, Carmel, Indiana 46033 • Telephone: 317.844.9961 • Fax: 317.844.9965 • www.ccs.k12.in.us

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal year in which the finding initially occurred: FY14 & FY15

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

Contact Person(s) Responsible for Corrective Action: Kara Kollros, Jay Arthur

Contact Phone Number: 317-844-9961

Status of Audit Finding:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding. Detailed documentation is now attached and kept on file with each grant reimbursement request. Also, a copy of the reimbursement request and final expenditure report is now kept with a signature of the preparer and reviewer.



(Signature)

Supervisor of Accounting

(Title)

11-30-18

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2017-001

Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Views of Responsible Official: We concur with the finding of not documenting the review process. Subsequent to the last audit, there were controls implemented to segregate duties related to the submission of the SEFA, however, there was no documentation to prove that the segregation and review process was occurring as stated.

Description of Corrective Action Plan:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding referenced above. The SEFA will be completed and reviewed prior to submission with documentation of the review.

Anticipated Completion Date: 12/4/18

Kara J. Kollros
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools
December 4, 2018



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CORRECTIVE ACTION PLAN

FINDING 2017-002

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding referenced above.

All payroll disbursements from the Food Service Fund will now be reviewed by the Food Service Department to ensure that Food Service employees are paid from the proper fund. This review will also be documented.

All reports will be prepared and reviewed by two separate people with documentation of such.

The paid lunch equity calculations will now be prepared and reviewed by two separate people with documentation of such.

Anticipated Completion Date: 12/4/18

Kara J. Kollros
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools
December 4, 2018



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CORRECTIVE ACTION PLAN

FINDING 2017-003

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Carmel Clay Schools has adjusted its internal controls subsequent to the State Board of Accounts finding referenced above.

There will now be written documentation of a review process signed by the staff member entering vendors into the system and by the staff member reviewing the entered vendors.

Current vendors used by Food Service have now all completed a Debarment and Suspension Certificate. Moving forward all new vendors will be required to complete a Debarment and Suspension Certificate prior to Carmel Clay Schools doing business with them.

Anticipated Completion Date: 12/4/18

Kara J. Kollros
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools
December 4, 2018



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CORRECTIVE ACTION PLAN

FINDING 2017-004

Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY 15-16, FY 16-17
Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kara Kollros
Contact Phone Number: 317-844-9961

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Carmel Clay Schools had adjusted this process prior to the audit but not within this audit period. All School Lunch fund receipts are now recorded in the correct fund on a monthly basis.

Anticipated Completion Date: 12/4/18

Kara J. Kollros
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools
December 4, 2018



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CORRECTIVE ACTION PLAN

FINDING 2017-005

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-131-PN01, 14215-131-PN01, 14216-099-PN01, 14217-099-PN01, 45715-131-PN01, 45716-099-PN01, 45717-099-PN01

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Kara Kollros

Contact Phone Number: 317-844-9961

Views of Responsible Official: We concur with the finding. This repeat finding is a direct result of the timing of the last audit. We were not able to correct this issue inside of the current audit period because we were not made aware of the issue until after the current audit period had ended.

Description of Corrective Action Plan:

Carmel Clay Schools had adjusted this process prior to the audit but not within this audit period. Grant administrators now review all personnel expense for accuracy on a regular basis.

Anticipated Completion Date: 12/4/18

Kara J. Kollros
Deputy Treasurer/Supervisor of Accounting
Carmel Clay Schools
December 4, 2018

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/>.