

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

HAMILTON HEIGHTS SCHOOL CORPORATION  
HAMILTON COUNTY, INDIANA

July 1, 2016 to June 30, 2018



**FILED**  
03/30/2019



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Caryn Provence	07-01-16 to 06-30-19
Superintendent of Schools	Dr. Derek Arrowood	07-01-16 to 06-30-19
President of the School Board	Rex McKinney Gwendalyn Hunter Arnett Cooper Laura Reuter	01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18 01-01-19 to 12-31-19



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INDEPENDENT AUDITOR'S REPORT

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

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Hamilton Heights School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, 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, 2016 to June 30, 2018.

***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, 2016 to June 30, 2018, 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, and Schedule of Leases and Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT  
(Continued)

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

In accordance with *Government Auditing Standards*, we have also issued a report dated March 20, 2019, 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

March 20, 2019



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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Hamilton Heights School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 20, 2019, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

**Internal Control over Financial Reporting**

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

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

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


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

**Compliance and Other Matters**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

March 20, 2019

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## FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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HAMILTON HEIGHTS SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS,  
OTHER FINANCING SOURCES (USES), AND CASH AND  
INVESTMENT BALANCES - REGULATORY BASIS  
For the Years Ended June 30, 2017 and 2018

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-16	Receipts	Disbursements		06-30-17	Receipts	Disbursements		
General	\$ 4,579,730	\$ 14,866,350	\$ 14,152,793	\$ (92,553)	\$ 5,200,734	\$ 15,532,361	\$ 15,102,456	\$ (90,929)	\$ 5,539,710
Debt Service	1,376,818	5,115,120	4,524,477	22,737	1,990,198	5,097,548	5,790,511	-	1,297,235
Retirement/Severance Bond Debt Service	79,857	113,874	158,870	-	34,861	42,229	75,717	(1,373)	-
Capital Projects	587,436	1,849,586	1,735,453	5,325	706,894	1,831,534	2,139,620	13,691	412,499
School Transportation	1,623,210	1,533,004	1,416,307	(14,379)	1,725,528	1,637,853	1,538,420	(17,723)	1,807,238
School Bus Replacement	400,648	282,103	299,181	-	383,570	366,581	313,232	-	436,919
Rainy Day	5,252,531	67,037	725,028	-	4,594,540	100,000	3,324,633	1,373	1,371,280
2012 G.O. Bond	14,085	-	14,085	-	-	-	-	-	-
2015 G.O. Bond	1,100,838	-	1,000,226	-	100,612	-	100,612	-	-
2016 G.O. Bond	-	-	808,616	3,185,000	2,376,384	10,084	2,386,468	-	-
2017 Construction Bond	-	-	-	-	-	1,459	2,374,030	9,553,288	7,180,717
School Lunch	164,914	1,292,749	1,148,288	(9,918)	299,457	1,308,712	1,239,603	(9,569)	358,997
Textbook Rental	178,302	274,627	241,071	-	211,858	267,699	360,330	-	119,227
Self-Insurance	131,421	-	8,829	70,850	193,442	-	16,626	68,352	245,168
Levy Excess	131	-	-	-	131	-	-	(131)	-
Lilly Grant 2017	-	30,000	18,427	-	11,573	-	11,573	-	-
HH Education Foundation	2,882	13,943	13,923	-	2,902	11,371	12,607	-	1,666
Joe Booker Plaza	1,377	-	300	-	1,077	1,000	300	-	1,777
PS/ES PTO Donation	5,743	-	-	-	5,743	-	-	-	5,743
Backpack Program	-	25,195	19,026	-	6,169	13,831	19,798	-	202
Duke Energy Jumpstart	-	24,690	-	-	24,690	25,257	24,690	-	25,257
Cicero American Legion Auxiliary Grant	1,460	-	-	-	1,460	-	-	-	1,460
Extra-Curricular Activities	1,950	-	-	-	1,950	-	-	-	1,950
Recreational Activities	1,149	-	-	-	1,149	-	-	-	1,149
Miscellaneous Donations to HHMS	6,587	-	4,052	-	2,535	1,500	3,902	-	133
Matt Cahill Memorial Scholarship	3,745	-	-	-	3,745	-	500	-	3,245
ES Magazine	5,216	1,086	3,764	-	2,538	1,557	1,722	-	2,373
PS Clinic PTO Donation	765	-	339	-	426	-	426	-	-
Dave Sheller Memorial Scholarship	6,685	-	-	-	6,685	-	-	-	6,685
PS Magazine	8,458	1,751	6,225	-	3,984	4,270	3,521	-	4,733
Heidi O'Rear Scholarship	228	-	-	-	228	-	-	(228)	-
Susan Barnes Scholarship	1,051	-	-	-	1,051	-	-	(1,051)	-
Bishop Memorial	1,013	-	-	-	1,013	-	-	-	1,013
Ingrid Hook Memorial	2,657	-	-	-	2,657	-	-	-	2,657
Chris Musselman Memorial	22	-	-	-	22	-	-	-	22
One-to-One Community	436	-	-	-	436	-	-	-	436
Wellness Program WV/WCI Trust	1,482	-	219	-	1,263	-	-	-	1,263
MS PE Donations	1,003	-	422	-	581	1,041	205	-	1,417
Formative Assessment	-	26,799	26,799	-	-	27,710	27,710	-	-
High Ability 2015-2016	4,858	-	4,858	-	-	-	-	-	-
High Ability 2016-2017 & 2017-2018	-	34,658	34,658	-	-	34,434	32,399	-	2,035
Common School A291	-	81,544	145,177	-	(63,633)	146,356	82,723	-	-
STAA Loan A2890	-	46,520	46,520	-	-	-	-	-	-
2015-2016 Early Literacy	7,012	1,260	8,272	-	-	-	-	-	-
2016-2017 Early Literacy	-	10,359	5,559	-	4,800	10,707	15,444	-	63
Secured Schools Safety Grant	(28,836)	50,000	121,164	50,000	(50,000)	50,000	100,000	50,000	(50,000)
NESP 2016-2017	-	4,458	4,458	-	-	4,750	4,750	-	-
School Technology	147,219	17,938	114,338	-	50,819	19,050	212	-	69,657
Career and Technical Performance Grant	-	6,795	3,034	-	3,761	17,663	5,883	-	15,541
Title I 2015-2016	(4,527)	37,099	32,572	-	-	-	-	-	-
Title I 2016-2017	-	73,664	74,867	-	(1,203)	31,665	30,462	-	-
Title I 2017-2018	-	-	-	-	-	110,671	114,862	-	(4,191)
Part B FY16 Subgrant	-	106,386	106,386	-	-	75,479	77,719	-	(2,240)
Title II-A FY2014	(4,554)	9,713	5,159	-	-	-	-	-	-
Title IIA FY2015	-	44,980	46,480	-	(1,500)	1,500	-	-	-
Title IIA FY2016	-	-	-	-	-	23,022	28,388	-	(5,366)
School Lunch Prepay	23,661	734,213	732,119	-	25,755	727,417	725,499	-	27,673
Payroll Clearing	168	3,667,379	3,667,747	-	-	3,766,035	3,765,999	-	36
<b>Totals</b>	<b>\$ 15,688,831</b>	<b>\$ 30,445,080</b>	<b>\$ 31,480,088</b>	<b>\$ 3,217,062</b>	<b>\$ 17,870,885</b>	<b>\$ 31,302,346</b>	<b>\$ 39,853,552</b>	<b>\$ 9,565,700</b>	<b>\$ 18,885,379</b>

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

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

**A. Reporting Entity**

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

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

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

**B. Basis of Accounting**

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

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

**C. Cash and Investments**

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

**D. Receipts**

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

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

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

**E. Disbursements**

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

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

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

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

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

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

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

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

**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:

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

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

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's 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.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 4. Deposits and Investments**

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

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

**Note 5. Risk Management**

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

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

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Funding Policy and Annual Pension Cost*

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

**B. Teachers' Retirement Fund**

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

**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 funds being set up for common school loans or reimbursable grants where reimbursements were not received prior to June 30.

HAMILTON HEIGHTS SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 8. *Holding Corporation***

The School Corporation has entered into capital leases with Hamilton Heights School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2017 and 2018 totaled \$2,475,000 and \$3,127,500, respectively.

**Note 9. *Subsequent Events***

The Hamilton Heights Board of School Trustees approved a school building project with an estimated project cost of \$55,815,000 in December 2016. As of June 30, 2018, debt of \$9,165,000 had been issued for this project. Additional debt of \$29,010,000 was issued August 15, 2018. The remainder will be issued as the project is completed, the estimated date of completion is August 2020. The total tax rate for the School Corporation is not anticipated to increase due to this project.

**Note 10. *Other Postemployment Benefits***

The School Corporation provides to eligible retirees and their spouses health insurance benefits. 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.

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
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 For the Year Ended June 30, 2017

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2012 G.O. Bond	2015 G.O. Bond	2016 G.O. Bond
Cash and investments - beginning	\$ 4,579,730	\$ 1,376,818	\$ 79,857	\$ 587,436	\$ 1,623,210	\$ 400,648	\$ 5,252,531	\$ 14,085	\$ 1,100,838	\$ -
Receipts:										
Local sources	698,401	5,115,120	113,374	1,775,765	1,475,459	282,103	-	-	-	-
Intermediate sources	50	-	-	-	-	-	-	-	-	-
State sources	14,159,459	-	-	-	-	-	-	-	-	-
Federal sources	467	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	500	45,000	-	-	45,500	-	-	-
Other receipts	7,973	-	-	28,821	57,545	-	21,537	-	-	-
Total receipts	14,866,350	5,115,120	113,874	1,849,586	1,533,004	282,103	67,037	-	-	-
Disbursements:										
Instruction	9,358,154	-	-	-	-	-	-	-	-	-
Support services	4,502,589	11,773	-	1,012,914	1,416,307	299,181	-	-	-	4,473
Noninstructional services	292,050	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	677,539	-	-	679,528	14,085	1,000,226	762,983
Debt service	-	4,512,704	158,370	-	-	-	-	-	-	41,160
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	500	45,000	-	-	45,500	-	-	-
Total disbursements	14,152,793	4,524,477	158,870	1,735,453	1,416,307	299,181	725,028	14,085	1,000,226	808,616
Excess (deficiency) of receipts over disbursements	713,557	590,643	(44,996)	114,133	116,697	(17,078)	(657,991)	(14,085)	(1,000,226)	(808,616)
Other financing sources (uses):										
Proceeds of long-term debt	-	22,737	-	-	-	-	-	-	-	3,185,000
Sale of capital assets	-	-	-	5,325	4,000	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(92,553)	-	-	-	(18,379)	-	-	-	-	-
Total other financing sources (uses)	(92,553)	22,737	-	5,325	(14,379)	-	-	-	-	3,185,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	621,004	613,380	(44,996)	119,458	102,318	(17,078)	(657,991)	(14,085)	(1,000,226)	2,376,384
Cash and investments - ending	\$ 5,200,734	\$ 1,990,198	\$ 34,861	\$ 706,894	\$ 1,725,528	\$ 383,570	\$ 4,594,540	\$ -	\$ 100,612	\$ 2,376,384

HAMILTON HEIGHTS SCHOOL CORPORATION  
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 For the Year Ended June 30, 2017

	2017 Construction Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Lilly Grant 2017	HH Education Foundation	Joe Booker Plaza	PS/ES PTO Donation	Backpack Program
Cash and investments - beginning	\$ -	\$ 164,914	\$ 178,302	\$ 131,421	\$ 131	\$ -	\$ 2,882	\$ 1,377	\$ 5,743	\$ -
Receipts:										
Local sources	-	769,259	206,373	-	-	30,000	13,943	-	-	25,195
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	14,005	68,254	-	-	-	-	-	-	-
Federal sources	-	509,265	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	220	-	-	-	-	-	-	-	-
Total receipts	-	1,292,749	274,627	-	-	30,000	13,943	-	-	25,195
Disbursements:										
Instruction	-	-	-	-	-	-	12,801	-	-	19,026
Support services	-	-	241,071	8,829	-	18,427	1,122	-	-	-
Noninstructional services	-	1,148,288	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	300	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,148,288	241,071	8,829	-	18,427	13,923	300	-	19,026
Excess (deficiency) of receipts over disbursements	-	144,461	33,556	(8,829)	-	11,573	20	(300)	-	6,169
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	70,850	-	-	-	-	-	-
Transfers out	-	(9,918)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(9,918)	-	70,850	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	134,543	33,556	62,021	-	11,573	20	(300)	-	6,169
Cash and investments - ending	\$ -	\$ 299,457	\$ 211,858	\$ 193,442	\$ 131	\$ 11,573	\$ 2,902	\$ 1,077	\$ 5,743	\$ 6,169

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Duke Energy Jumpstart	Cicero American Legion Auxiliary Grant	Extra- Curricular Activities	Recreational Activities	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	ES Magazine	PS Clinic PTO Donation	Dave Sheller Memorial Scholarship	PS Magazine
Cash and investments - beginning	\$ -	\$ 1,460	\$ 1,950	\$ 1,149	\$ 6,587	\$ 3,745	\$ 5,216	\$ 765	\$ 6,685	\$ 8,458
Receipts:										
Local sources	24,690	-	-	-	-	-	1,086	-	-	1,751
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	24,690	-	-	-	-	-	1,086	-	-	1,751
Disbursements:										
Instruction	-	-	-	-	4,052	-	3,764	-	-	6,225
Support services	-	-	-	-	-	-	-	339	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	4,052	-	3,764	339	-	6,225
Excess (deficiency) of receipts over disbursements	24,690	-	-	-	(4,052)	-	(2,678)	(339)	-	(4,474)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	24,690	-	-	-	(4,052)	-	(2,678)	(339)	-	(4,474)
Cash and investments - ending	\$ 24,690	\$ 1,460	\$ 1,950	\$ 1,149	\$ 2,535	\$ 3,745	\$ 2,538	\$ 426	\$ 6,685	\$ 3,984

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	Heidi O'Rear Scholarship	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One-to-One Community	Wellness Program WV/WCI Trust	MS PE Donations	Formative Assessment	High Ability 2015-2016
Cash and investments - beginning	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,482	\$ 1,003	\$ -	\$ 4,858
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	26,799	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	-	26,799	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	422	-	4,858
Support services	-	-	-	-	-	-	-	-	26,799	-
Noninstructional services	-	-	-	-	-	-	219	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	219	422	26,799	4,858
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(219)	(422)	-	(4,858)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(219)	(422)	-	(4,858)
Cash and investments - ending	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,263	\$ 581	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
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	High Ability 2016-2017 & 2017-2018	Common School A291	STAA Loan A2890	2015-2016 Early Literacy	2016-2017 Early Literacy	Secured Schools Safety Grant	NESP 2016-2017	School Technology	Career and Technical Performance Grant	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 7,012	\$ -	\$ (28,836)	\$ -	\$ 147,219	\$ -	\$ (4,527)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	34,658	81,544	46,520	1,260	10,359	50,000	4,458	17,938	6,795	-
Federal sources	-	-	-	-	-	-	-	-	-	37,099
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	34,658	81,544	46,520	1,260	10,359	50,000	4,458	17,938	6,795	37,099
Disbursements:										
Instruction	34,658	-	-	8,272	5,559	-	4,458	-	3,034	13,124
Support services	-	145,177	29,720	-	-	90,215	-	114,338	-	19,448
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	16,800	-	-	30,949	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	34,658	145,177	46,520	8,272	5,559	121,164	4,458	114,338	3,034	32,572
Excess (deficiency) of receipts over disbursements	-	(63,633)	-	(7,012)	4,800	(71,164)	-	(96,400)	3,761	4,527
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	50,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	50,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(63,633)	-	(7,012)	4,800	(21,164)	-	(96,400)	3,761	4,527
Cash and investments - ending	\$ -	\$ (63,633)	\$ -	\$ -	\$ 4,800	\$ (50,000)	\$ -	\$ 50,819	\$ 3,761	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
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	Title I 2016-2017	Title I 2017-2018	Part B FY16 Subgrant	Title II-A FY2014	Title IIA FY2015	Title IIA FY2016	School Lunch Prepay	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (4,554)	\$ -	\$ -	\$ 23,661	\$ 168	\$ 15,688,831
Receipts:									
Local sources	-	-	-	-	-	-	734,213	-	11,266,732
Intermediate sources	-	-	-	-	-	-	-	-	50
State sources	-	-	-	-	-	-	-	-	14,522,049
Federal sources	73,664	-	106,386	9,713	44,980	-	-	-	781,574
Interfund loans	-	-	-	-	-	-	-	-	91,000
Other receipts	-	-	-	-	-	-	-	3,667,579	3,783,675
Total receipts	73,664	-	106,386	9,713	44,980	-	734,213	3,667,579	30,445,080
Disbursements:									
Instruction	47,323	-	106,386	-	-	-	-	3,667,747	13,299,863
Support services	27,544	-	-	5,159	46,480	-	-	-	8,021,905
Noninstructional services	-	-	-	-	-	-	-	-	1,440,557
Facilities acquisition and construction	-	-	-	-	-	-	-	-	3,182,410
Debt service	-	-	-	-	-	-	-	-	4,712,234
Nonprogrammed charges	-	-	-	-	-	-	732,119	-	732,119
Interfund loans	-	-	-	-	-	-	-	-	91,000
Total disbursements	74,867	-	106,386	5,159	46,480	-	732,119	3,667,747	31,480,088
Excess (deficiency) of receipts over disbursements	(1,203)	-	-	4,554	(1,500)	-	2,094	(168)	(1,035,008)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	3,207,737
Sale of capital assets	-	-	-	-	-	-	-	-	9,325
Transfers in	-	-	-	-	-	-	-	-	120,850
Transfers out	-	-	-	-	-	-	-	-	(120,850)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	3,217,062
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,203)	-	-	4,554	(1,500)	-	2,094	(168)	2,182,054
Cash and investments - ending	\$ (1,203)	\$ -	\$ -	\$ -	\$ (1,500)	\$ -	\$ 25,755	\$ -	\$ 17,870,885

HAMILTON HEIGHTS SCHOOL CORPORATION  
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	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	2012 G.O. Bond	2015 G.O. Bond	2016 G.O. Bond
Cash and investments - beginning	\$ 5,200,734	\$ 1,990,198	\$ 34,861	\$ 706,894	\$ 1,725,528	\$ 383,570	\$ 4,594,540	\$ -	\$ 100,612	\$ 2,376,384
Receipts:										
Local sources	931,410	5,097,548	42,229	1,715,046	1,574,937	366,581	-	-	-	-
Intermediate sources	53	-	-	-	-	-	-	-	-	-
State sources	14,553,158	-	-	-	(14,469)	-	-	-	-	-
Federal sources	3,639	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	100,000	-	-	100,000	-	-	-
Other receipts	44,101	-	-	16,488	77,385	-	-	-	-	10,084
Total receipts	15,532,361	5,097,548	42,229	1,831,534	1,637,853	366,581	100,000	-	-	10,084
Disbursements:										
Instruction	10,004,892	-	-	-	-	-	-	-	-	-
Support services	4,805,123	8,255	-	1,129,086	1,538,420	313,232	-	-	-	3,712
Noninstructional services	292,441	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	910,534	-	-	3,224,633	-	100,612	2,382,756
Debt service	-	5,782,256	75,717	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	100,000	-	-	100,000	-	-	-
Total disbursements	15,102,456	5,790,511	75,717	2,139,620	1,538,420	313,232	3,324,633	-	100,612	2,386,468
Excess (deficiency) of receipts over disbursements	429,905	(692,963)	(33,488)	(308,086)	99,433	53,349	(3,224,633)	-	(100,612)	(2,376,384)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	13,691	-	-	-	-	-	-
Transfers in	-	-	-	-	131	-	1,373	-	-	-
Transfers out	(90,929)	-	(1,373)	-	(17,854)	-	-	-	-	-
Total other financing sources (uses)	(90,929)	-	(1,373)	13,691	(17,723)	-	1,373	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	338,976	(692,963)	(34,861)	(294,395)	81,710	53,349	(3,223,260)	-	(100,612)	(2,376,384)
Cash and investments - ending	\$ 5,539,710	\$ 1,297,235	\$ -	\$ 412,499	\$ 1,807,238	\$ 436,919	\$ 1,371,280	\$ -	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
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 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	2017 Construction Bond	School Lunch	Textbook Rental	Self- Insurance	Levy Excess	Lilly Grant 2017	HH Education Foundation	Joe Booker Plaza	PS/ES PTO Donation	Backpack Program
Cash and investments - beginning	\$ -	\$ 299,457	\$ 211,858	\$ 193,442	\$ 131	\$ 11,573	\$ 2,902	\$ 1,077	\$ 5,743	\$ 6,169
Receipts:										
Local sources	1,459	762,083	201,053	-	-	-	11,371	1,000	-	13,831
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	13,880	66,646	-	-	-	-	-	-	-
Federal sources	-	532,749	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	1,459	1,308,712	267,699	-	-	-	11,371	1,000	-	13,831
Disbursements:										
Instruction	-	-	-	-	-	767	12,289	-	-	19,798
Support services	-	88	360,330	766	-	10,806	318	-	-	-
Noninstructional services	-	1,157,012	-	-	-	-	-	-	-	-
Facilities acquisition and construction	2,374,030	-	-	-	-	-	-	300	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	82,503	-	15,860	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	2,374,030	1,239,603	360,330	16,626	-	11,573	12,607	300	-	19,798
Excess (deficiency) of receipts over disbursements	(2,372,571)	69,109	(92,631)	(16,626)	-	(11,573)	(1,236)	700	-	(5,967)
Other financing sources (uses):										
Proceeds of long-term debt	9,553,288	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	68,352	-	-	-	-	-	-
Transfers out	-	(9,569)	-	-	(131)	-	-	-	-	-
Total other financing sources (uses)	9,553,288	(9,569)	-	68,352	(131)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,180,717	59,540	(92,631)	51,726	(131)	(11,573)	(1,236)	700	-	(5,967)
Cash and investments - ending	\$ 7,180,717	\$ 358,997	\$ 119,227	\$ 245,168	\$ -	\$ -	\$ 1,666	\$ 1,777	\$ 5,743	\$ 202

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Duke Energy Jumpstart	Cicero American Legion Auxiliary Grant	Extra- Curricular Activities	Recreational Activities	Miscellaneous Donations to HHMS	Matt Cahill Memorial Scholarship	ES Magazine	PS Clinic PTO Donation	Dave Sheller Memorial Scholarship	PS Magazine
Cash and investments - beginning	\$ 24,690	\$ 1,460	\$ 1,950	\$ 1,149	\$ 2,535	\$ 3,745	\$ 2,538	\$ 426	\$ 6,685	\$ 3,984
Receipts:										
Local sources	25,257	-	-	-	1,500	-	1,557	-	-	4,270
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	25,257	-	-	-	1,500	-	1,557	-	-	4,270
Disbursements:										
Instruction	20,543	-	-	-	3,902	-	1,722	-	-	3,521
Support services	4,147	-	-	-	-	-	-	426	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	500	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	24,690	-	-	-	3,902	500	1,722	426	-	3,521
Excess (deficiency) of receipts over disbursements	567	-	-	-	(2,402)	(500)	(165)	(426)	-	749
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	567	-	-	-	(2,402)	(500)	(165)	(426)	-	749
Cash and investments - ending	\$ 25,257	\$ 1,460	\$ 1,950	\$ 1,149	\$ 133	\$ 3,245	\$ 2,373	\$ -	\$ 6,685	\$ 4,733

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Heidi O'Rear Scholarship	Susan Barnes Scholarship	Bishop Memorial	Ingrid Hook Memorial	Chris Musselman Memorial	One-to-One Community	Wellness Program WV/WCI Trust	MS PE Donations	Formative Assessment	High Ability 2015-2016
Cash and investments - beginning	\$ 228	\$ 1,051	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,263	\$ 581	\$ -	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	1,041	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	27,710	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	1,041	27,710	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	205	-	-
Support services	-	-	-	-	-	-	-	-	27,710	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	205	27,710	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	836	-	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(228)	(1,051)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(228)	(1,051)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(228)	(1,051)	-	-	-	-	-	836	-	-
Cash and investments - ending	\$ -	\$ -	\$ 1,013	\$ 2,657	\$ 22	\$ 436	\$ 1,263	\$ 1,417	\$ -	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	High Ability 2016-2017 & 2017-2018	Common School A291	STAA Loan A2890	2015-2016 Early Literacy	2016-2017 Early Literacy	Secured Schools Safety Grant	NESP 2016-2017	School Technology	Career and Technical Performance Grant	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ (63,633)	\$ -	\$ -	\$ 4,800	\$ (50,000)	\$ -	\$ 50,819	\$ 3,761	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	34,434	146,356	-	-	10,707	50,000	4,750	19,050	17,663	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	34,434	146,356	-	-	10,707	50,000	4,750	19,050	17,663	-
Disbursements:										
Instruction	32,399	-	-	-	15,444	-	4,750	-	898	-
Support services	-	82,723	-	-	-	100,000	-	212	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	4,985	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	32,399	82,723	-	-	15,444	100,000	4,750	212	5,883	-
Excess (deficiency) of receipts over disbursements	2,035	63,633	-	-	(4,737)	(50,000)	-	18,838	11,780	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	50,000	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	50,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,035	63,633	-	-	(4,737)	-	-	18,838	11,780	-
Cash and investments - ending	\$ 2,035	\$ -	\$ -	\$ -	\$ 63	\$ (50,000)	\$ -	\$ 69,657	\$ 15,541	\$ -

HAMILTON HEIGHTS SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,  
 OTHER FINANCING SOURCES (USES), AND CASH AND  
 INVESTMENT BALANCES - REGULATORY BASIS  
 For the Year Ended June 30, 2018

	Title I 2016-2017	Title I 2017-2018	Part B FY16 Subgrant	Title II-A FY2014	Title IIA FY2015	Title IIA FY2016	School Lunch Prepay	Payroll Clearing	Totals
Cash and investments - beginning	\$ (1,203)	\$ -	\$ -	\$ -	\$ (1,500)	\$ -	\$ 25,755	\$ -	\$ 17,870,885
Receipts:									
Local sources	-	-	-	-	-	-	727,417	-	11,479,590
Intermediate sources	-	-	-	-	-	-	-	-	53
State sources	-	-	-	-	-	-	-	-	14,929,885
Federal sources	31,665	110,671	75,479	-	1,500	23,022	-	-	778,725
Interfund loans	-	-	-	-	-	-	-	-	200,000
Other receipts	-	-	-	-	-	-	-	3,766,035	3,914,093
Total receipts	31,665	110,671	75,479	-	1,500	23,022	727,417	3,766,035	31,302,346
Disbursements:									
Instruction	20,080	57,720	77,719	-	-	-	-	3,765,999	14,042,648
Support services	10,382	57,142	-	-	-	28,388	-	-	8,481,266
Noninstructional services	-	-	-	-	-	-	-	-	1,449,453
Facilities acquisition and construction	-	-	-	-	-	-	-	-	8,997,850
Debt service	-	-	-	-	-	-	-	-	5,857,973
Nonprogrammed charges	-	-	-	-	-	-	725,499	-	824,362
Interfund loans	-	-	-	-	-	-	-	-	200,000
Total disbursements	30,462	114,862	77,719	-	-	28,388	725,499	3,765,999	39,853,552
Excess (deficiency) of receipts over disbursements	1,203	(4,191)	(2,240)	-	1,500	(5,366)	1,918	36	(8,551,206)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	9,553,288
Sale of capital assets	-	-	-	-	-	-	-	-	13,691
Transfers in	-	-	-	-	-	-	-	-	119,856
Transfers out	-	-	-	-	-	-	-	-	(121,135)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	9,565,700
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,203	(4,191)	(2,240)	-	1,500	(5,366)	1,918	36	1,014,494
Cash and investments - ending	\$ -	\$ (4,191)	\$ (2,240)	\$ -	\$ -	\$ (5,366)	\$ 27,673	\$ 36	\$ 18,885,379

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 712,340</u>	<u>\$ 82,346</u>

HAMILTON HEIGHTS SCHOOL CORPORATION  
 SCHEDULE OF LEASES AND DEBT  
 June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Hamilton Heights School Building Corporation	Project Vision Construction	\$ 820,000	11/21/2017	1/15/2036
Hamilton Heights School Building Corporation	Primary School building	<u>1,237,500</u>	5/12/2006	1/15/2019
Total of annual lease payments		<u>\$ 2,057,500</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2016 GO Bond	\$ 1,305,000	\$ 1,318,050
Notes and loans payable	Common School Loan A1640 Technology	21,050	21,155
Notes and loans payable	Common School Loan A1687 Technology	42,099	42,415
Notes and loans payable	Common School Loan A1891 Technology	107,426	43,937
Notes and loans payable	Common School Loan A2890 Technology	41,868	9,699
Notes and loans payable	Common School Loan A2910 Technology	<u>205,110</u>	<u>47,517</u>
Totals		<u>\$ 1,722,553</u>	<u>\$ 1,482,773</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 HAMILTON HEIGHTS SCHOOL CORPORATION, HAMILTON COUNTY, INDIANA

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

We have audited the Hamilton Heights School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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.

***Basis for Qualified Opinion on the Special Education Cluster (IDEA)***

As described in item 2018-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

***Basis for Qualified Opinion on the Child Nutrition Cluster***

As described in item 2018-003 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

***Qualified Opinion on the Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Special Education Cluster (IDEA)* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the and the Special Education Cluster (IDEA) for the period of July 1, 2016 to June 30, 2018.

***Qualified Opinion on the Child Nutrition Cluster***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the and the Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

***Other Matters***

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2018-001. 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


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

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 2018-001, 2018-002 and 2018-003, that we consider to be material weaknesses.

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

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

  
Paul D. Joyce, CPA  
State Examiner

March 20, 2019

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
Cafeteria - School Breakfast			FY2017	\$ -	\$ 112,000	\$ -	\$ -
Cafeteria - School Breakfast			FY2018	-	-	-	120,857
Total - School Breakfast Program				-	112,000	-	120,857
National School Lunch Program							
National School Lunch Program	Indiana Department of Education	10.555					
Cafeteria - School Lunch			FY2017	-	381,599	-	-
Cafeteria - School Lunch			FY2018	-	-	-	405,983
Commodities			FY2017, FY2018	-	75,537	-	80,775
Cafeteria - School Snack			FY2018	-	-	-	900
Total - National School Lunch Program				-	457,136	-	487,658
Summer Food Service Program for Children							
Cafeteria - Summer Food Service Program	Indiana Department of Education	10.559					
			FY2018	-	-	-	3,448
Total - Child Nutrition Cluster				-	569,136	-	611,963
Child and Adult Care Food Program							
Child and Adult Care Food Program	Indiana Department of Education	10.558					
Cafeteria - CACFP			FY2017	-	15,665	-	-
Cafeteria - CACFP			FY2018	-	-	-	1,561
Total - Child and Adult Care Food Program				-	15,665	-	1,561
Total - Department of Agriculture				-	584,801	-	613,524
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027					
FY15 Federal Part B 611			14215-025-PN01	-	7,107	-	-
FY16 Federal Part B 611			14216-025-PN01	-	138,957	-	9,464
FY17 Federal Part B 611			14217-025-PN01	-	345,452	-	128,215
FY18 Federal Part B 611			18611-023-PN01	-	-	-	329,254
Total - Special Education Grants to States				-	491,516	-	466,933

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2017 and 2018

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 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
Special Education Preschool Grants	Indiana Department of Education	84.173					
FY18 Federal Part B 619			18619-023-PN01	-	-	-	11,251
FY16 Federal Part B 619			45716-023-PN01	-	1,727	-	-
FY17 Federal Part B 619			45717-023-PN01	-	14,686	-	937
				<u>-</u>	<u>16,413</u>	<u>-</u>	<u>12,188</u>
Total - Special Education Preschool Grants				-	16,413	-	12,188
Total - Special Education Cluster (IDEA)				-	507,929	-	479,121
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I 2015-2016			16-3025	-	37,099	-	-
Title I 2016-2017			17-3025	-	73,664	-	31,665
Title I 2017-2018			S010A150014	-	-	-	110,671
				<u>-</u>	<u>110,763</u>	<u>-</u>	<u>142,336</u>
Total - Title I Grants to Local Educational Agencies				-	110,763	-	142,336
English Language Acquisition State Grants	Indiana Department of Education	84.365					
Title III 16-18			0117-207-PN01	-	3,675	-	3,961
				<u>-</u>	<u>3,675</u>	<u>-</u>	<u>3,961</u>
Total - English Language Acquisition State Grants				-	3,675	-	3,961
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Title IIA FY 2014			14-3025	-	9,713	-	-
Title IIA FY2015			15-3025	-	44,980	-	1,500
Title IIA FY 2016			S367A160013	-	-	-	23,022
				<u>-</u>	<u>54,693</u>	<u>-</u>	<u>24,522</u>
Total - Supporting Effective Instruction State Grants				-	54,693	-	24,522
Total - Department of Education				-	677,060	-	649,940
Total federal awards expended				<u>\$ -</u>	<u>\$ 1,261,861</u>	<u>\$ -</u>	<u>\$ 1,263,464</u>

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

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

**Note 1. Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. 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.

**Note 3. Special Education Cooperative**

The School Corporation is a member of Hamilton-Boone-Madison Special Services Cooperative (Cooperative). As a result, some activity for the Special Education Cluster (IDEA) that is presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement of the School Corporation. This activity is reported on the financial statement of the Cooperative.

HAMILTON HEIGHTS SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

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

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	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	Qualified
Special Education Cluster (IDEA)	Qualified

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

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

No matters are reportable.

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

**FINDING 2018-001**

Subject: Special Education Grants to States - Period of Performance  
 Federal Agency: Department of Education  
 Federal Program: Special Education Grants to States  
 CFDA Number: 84.027  
 Federal Award Number and Year (or Other Identifying Number): 18611-023-PN01  
 Pass-Through Entity: Indiana Department of Education  
 Compliance Requirement: Period of Performance  
 Audit Findings: Material Weakness, Other Matters

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

*Condition*

The School Corporation was a participating member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2017-2018, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for following the compliance requirements related to period of performance.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the period of performance requirements. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The Special Education grants have a period of performance that requires costs not be incurred prior to the July 1 start of the grant award. For grant 18611-023-PN01, obligations for three of seven tested transactions recorded near the beginning of the grant award were found to have been incurred prior to the start of the period of performance.

*Context*

The noncompliance was isolated to the 18611-023-PN01 award in the 2017-2018 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.309 states:

"A non-Federal entity may charge to the Federal award only allowable costs incurred during the period of performance (except as described in § 200.461 Publication and printing costs) and any costs incurred before the Federal awarding agency or pass-through entity made the Federal award that were authorized by the Federal awarding agency or pass-through entity."

*Cause*

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

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Period of Performance 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 Period of Performance 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 2018-002**

Subject: Special Education Cluster (IDEA) - Procurement

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14216-025-PN01, 14217-025-PN01,  
18611-023-PN01, 45717-023-PN01,  
18619-023-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*Condition*

The School Corporation was a participating member school corporation of the Hamilton-Boone-Madison Special Services Cooperative (Cooperative). The grant agreements for the federal programs were between the Indiana Department of Education (IDOE) and each member school corporation of the Cooperative. The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During 2017-2018, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations and was responsible for the Procurement compliance requirement.

An effective internal control system was not in place at the Cooperative in order to ensure compliance with requirements related to the grant agreement and the procurement requirements. Because the grant agreements were between the IDOE and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the requirements.

The written procurement policies and procedures of the fiscal agent did not comply with the procurement standards outlined in the criteria below. The written policies did not specify avoiding the acquisition of unnecessary or duplicative items, or that all solicitations should incorporate a description of the technical requirements of the procurement. The fiscal agent also had a policy to use local geographical preferences in the evaluation of bids or proposals.

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

In addition, for all procurements tested under the Small Purchase procurement method, documentation was not presented for audit to verify that price or rate quotations were obtained from an adequate number of qualified sources, or that the procurements provided full and open competition.

*Context*

The noncompliance was isolated to the 2017-2018 school year.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

(d) The non-Federal entity's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives, and any other appropriate analysis to determine the most economical approach. . . .

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

2 CFR 200.319 states in part:

"(a) All procurement transactions must be conducted in a manner providing full and open competition consistent with the standards of this section. . . .

(b) The non-Federal entity must conduct procurements in a manner that prohibits the use of statutorily or administratively imposed state, local, or tribal geographical preferences in the evaluation of bids or proposals, except in those cases where applicable Federal statutes expressly mandate or encourage geographic preference. . . .

(c) The non-Federal entity must have written procedures for procurement transactions. These procedures must ensure that all solicitations:

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

- (1) Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. . . ."

2 CFR 200.320(b) states:

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

*Cause*

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

*Effect*

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Procurement 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 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 2018-003**

Subject: Child Nutrition Cluster - Procurement

Federal Agency: Department of Education

Federal Programs: School Breakfast Program, National School Lunch Program,  
Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2017, FY2018

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*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 compliance requirement.

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

The School Corporation was unable to provide quotes related to small purchases for all of the vendors tested at the small purchase level. The Corporation maintained copies of some quotes for small purchases but not for all small purchases of goods/services where quotes were required to be obtained.

*Context*

The lack of controls was a systemic issue which occurred throughout the audit period. The lack of supporting documentation prevented the determination of the School Corporation's compliance with the Procurement compliance requirement.

*Criteria*

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

2 CFR 200.318 states in part:

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

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

2 CFR 200.320 states in part:

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

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

(f) Procurement by noncompetitive proposals. Procurement by noncompetitive proposals is procurement through solicitation of a proposal from only one source and may be used only when one or more of the following circumstances apply:

- (1) The item is available only from a single source;
- (2) The public exigency or emergency for the requirement will not permit a delay resulting from competitive solicitation;

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

- (3) The Federal awarding agency or pass-through entity expressly authorizes non-competitive proposals in response to a written request from the non-Federal entity;  
or
- (4) After solicitation of a number of sources, competition is determined inadequate."

*Cause*

Management had not developed a system of internal controls that would have ensured that supporting documentation related to the Procurement compliance requirement was maintained and made available for audit.

*Effect*

The failure to establish an effective internal control system and provide sufficient supporting documentation prevented the determination of the School Corporation's compliance with the grant agreement and the Procurement compliance requirement.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure that documentation related to the grant agreement and the Procurement compliance requirement will be maintained and made available for audit.

*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.

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

***FINDING 2016-0001***

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0002**

Fiscal year in which the finding initially occurred: FY15, FY16

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

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0003**

Fiscal year in which the finding initially occurred: FY15, FY16

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

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0004**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0005**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0006**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Caryn Provence

Contact Phone Number: 317-984-3538

Status of Audit Finding: The correction action was taken.

Caryn Provence  
(Signature)

Treasurer  
(Title)

2/21/19  
(Date)



**FINDING 2016-0007**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Robin Phelps

Contact Phone Number: 317-773-3171

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0008**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Robin Phelps

Contact Phone Number: 317-773-3171

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0009**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Robin Phelps

Contact Phone Number: 317-773-3171

Status of Audit Finding: The correction action was taken.



**FINDING 2016-0010**

Fiscal year in which the finding initially occurred: FY14, FY15, FY16

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

Contact Person Responsible for Corrective Action: Robin Phelps

Contact Phone Number: 317-773-3171

Status of Audit Finding: The correction action was taken.

Caryn Proven  
(Signature)

Treasurer  
(Title)

2/21/19  
(Date)

Robin Phelps  
(Signature)

CEO  
(Title)

2/21/19  
(Date)

**CORRECTIVE ACTION PLAN**

**FINDING 2018-001**

Contact Person Responsible for Corrective Action: Steve Wornhoff, Director, Hamilton-Boone-Madison Special Services Cooperative

Contact Phone Number: 317-773-2134

Views of Responsible Official: Hamilton Heights School Corporation understands the finding.

Description of Corrective Action Plan: Hamilton Heights School Corporation Business Manager and Treasurer will inquire with the special services cooperative to insure the period of performance is correctly followed for each grant cycle.

Anticipated Completion Date: Effective immediately.

**FINDING 2018-002**

Contact Person Responsible for Corrective Action: Steve Wornhoff, Director, Hamilton-Boone-Madison Special Services Cooperative

Contact Phone Number: 317-773-2134

Views of Responsible Official: Hamilton Heights School Corporation understands the finding.

Description of Corrective Action Plan: Hamilton Heights School Corporation Business Manager and Treasurer will inquire with the special services cooperative to insure their procurement policy is updated to comply with current federal procurement standards and that those procurement standards are followed.

Anticipated Completion Date: Effective immediately.

**FINDING 2018-003**

Contact Person Responsible for Corrective Action: Patty Hicks, Food Service Director

Contact Phone Number: 317-984-1530

Views of Responsible Official: Hamilton Heights School Corporation understands the finding.

Description of Corrective Action Plan: Hamilton Heights School Corporation staff will follow Federal award requirements and the HHSC Child Nutrition Program Procurement Plan. In addition to following the plan, HHSC Food Service Director will complete and attach a summary sheet which documents the procedures followed for the various type of purchases.

Anticipated Completion Date: Effective immediately.

  
\_\_\_\_\_  
(Signature)

Treasurer

\_\_\_\_\_  
(Title)

March 20, 2019

\_\_\_\_\_  
(Date)



#### OTHER REPORTS

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