

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

AUDIT REPORT

OF

HAMILTON SOUTHEASTERN SCHOOLS

HAMILTON COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

01/27/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter	07-01-07 to 06-30-10
Superintendent of Schools	Concetta A. Raimondi	07-01-07 to 02-15-08
	Sandra Hollingshead (Interim)	02-25-08 to 08-05-08
	Robert Myers (Interim)	08-06-08 to 09-27-08
	Stephen Tegarden (Interim)	10-14-08 to 06-30-09
	Brian Smith	07-01-09 to 06-30-10
President of the School Board	Jeffrey Sturgis	07-01-07 to 06-30-08
	Karen Harmer	07-01-08 to 06-30-09
	Diane Eaton	07-01-09 to 06-30-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Southeastern Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements 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 statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, except that the omission of the component units of the School Corporation referred to in the preceding paragraph results in incomplete presentation, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2008 and 2009, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 10, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS  
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 10, 2009



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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Southeastern Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 10, 2009. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON  
COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS  
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 statements are 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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 10, 2009

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 68,087,818	\$ -	\$ 434,971	\$ (67,652,847)	
Support services	44,390,828	5,262,468	1,084,493	(38,043,867)	
Noninstructional services	6,989,951	-	-	(6,989,951)	
Facilities acquisition and construction	5,342,911	-	-	(5,342,911)	
Debt service	32,333,747	-	-	(32,333,747)	
Nonprogrammed charges	1,903,876	-	-	(1,903,876)	
Temporary loans	12,937,261	-	-	(12,937,261)	
Total governmental activities	<u>\$ 171,986,392</u>	<u>\$ 5,262,468</u>	<u>\$ 1,519,464</u>	<u>(165,204,460)</u>	
General receipts:					
Property taxes				95,075,820	
Other local sources				11,334,503	
State aid				36,829,274	
Bonds and loans				24,944,239	
Grants and contributions not restricted to specific programs				1,746,286	
Sale of property				18,600	
Investment earnings				1,439,690	
Total general receipts				<u>171,388,412</u>	
Change in net assets				6,183,952	
Net assets - beginning				<u>12,154,638</u>	
Net assets - ending				<u>\$ 18,338,590</u>	
<u>Assets</u>					
Cash and investments				\$ 15,862,779	
Restricted assets:					
Cash and investments				<u>2,475,811</u>	
Total assets				<u>\$ 18,338,590</u>	
<u>Net Assets</u>					
Restricted for:					
Debt service				\$ 2,475,811	
Unrestricted				<u>15,862,779</u>	
Total net assets				<u>\$ 18,338,590</u>	

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

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 70,741,668	\$ -	\$ 450,596	\$ (70,291,072)
Support services	50,713,077	5,896,754	1,416,726	(43,399,597)
Noninstructional services	7,387,427	-	-	(7,387,427)
Facilities acquisition and construction	5,541,207	-	-	(5,541,207)
Debt service	59,306,755	-	-	(59,306,755)
Nonprogrammed charges	1,910,431	-	-	(1,910,431)
<b>Total governmental activities</b>	<b><u>\$ 195,600,565</u></b>	<b><u>\$ 5,896,754</u></b>	<b><u>\$ 1,867,322</u></b>	<b><u>(187,836,489)</u></b>
General receipts:				
Property taxes				98,238,764
Other local sources				12,818,904
State aid				57,060,968
Bonds and loans				12,000,000
Grants and contributions not restricted to specific programs				9,627,706
Sale of property				33,210
Investment earnings				808,046
<b>Total general receipts</b>				<b><u>190,587,598</u></b>
Change in net assets				2,751,109
Net assets - beginning				<u>18,338,590</u>
Net assets - ending				<b><u>\$ 21,089,699</u></b>
<u>Assets</u>				
Cash and investments				\$ 18,624,228
Restricted assets:				
Cash and investments				<u>2,465,471</u>
<b>Total assets</b>				<b><u>\$ 21,089,699</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 2,465,471
Unrestricted				<u>18,624,228</u>
<b>Total net assets</b>				<b><u>\$ 21,089,699</u></b>

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

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 49,812,736	\$ -	\$ 32,876,422	\$ 13,015,366	\$ 17,407,841	\$ 113,112,365
Intermediate sources	116	-	-	-	-	116
State sources	37,082,888	-	-	-	995,014	38,077,902
Federal sources	-	-	-	-	2,017,122	2,017,122
Temporary loans	24,900,000	-	44,239	-	-	24,944,239
<b>Total receipts</b>	<b>111,795,740</b>	<b>-</b>	<b>32,920,661</b>	<b>13,015,366</b>	<b>20,419,977</b>	<b>178,151,744</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	66,035,486	-	-	-	2,052,332	68,087,818
Support services	24,470,088	-	33,748	7,604,535	12,282,457	44,390,828
Noninstructional services	515,714	-	-	-	6,474,237	6,989,951
Facilities acquisition and construction	-	-	-	5,181,812	161,099	5,342,911
Debt services	-	-	31,946,437	-	387,310	32,333,747
Nonprogrammed charges	1,903,876	-	-	-	-	1,903,876
Temporary loans	12,696,510	-	240,751	-	-	12,937,261
<b>Total disbursements</b>	<b>105,621,674</b>	<b>-</b>	<b>32,220,936</b>	<b>12,786,347</b>	<b>21,357,435</b>	<b>171,986,392</b>
Excess (deficiency) of receipts over disbursements	6,174,066	-	699,725	229,019	(937,458)	6,165,352
<b>Other financing sources (uses):</b>						
Sale of capital assets	18,600	-	-	-	-	18,600
Transfers in	5,100,000	11,700,000	11,400,000	4,200,000	6,290,123	38,690,123
Transfers out	(8,200,000)	(11,400,000)	(12,200,000)	(1,500,000)	(5,390,123)	(38,690,123)
<b>Total other financing sources (uses)</b>	<b>(3,081,400)</b>	<b>300,000</b>	<b>(800,000)</b>	<b>2,700,000</b>	<b>900,000</b>	<b>18,600</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,092,666	300,000	(100,275)	2,929,019	(37,458)	6,183,952
Cash and investments - beginning	3,590,862	-	2,511,158	3,150,202	2,902,416	12,154,638
Cash and investments - ending	<u>\$ 6,683,528</u>	<u>\$ 300,000</u>	<u>\$ 2,410,883</u>	<u>\$ 6,079,221</u>	<u>\$ 2,864,958</u>	<u>\$ 18,338,590</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 6,683,528	\$ 300,000	\$ -	\$ 6,079,221	\$ 2,800,030	\$ 15,862,779
Restricted assets:						
Cash and investments	-	-	2,410,883	-	64,928	2,475,811
<b>Total cash and investment assets - ending</b>	<u>\$ 6,683,528</u>	<u>\$ 300,000</u>	<u>\$ 2,410,883</u>	<u>\$ 6,079,221</u>	<u>\$ 2,864,958</u>	<u>\$ 18,338,590</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 2,410,883	\$ -	\$ 64,928	\$ 2,475,811
Unrestricted	6,683,528	300,000	-	6,079,221	2,800,030	15,862,779
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,683,528</u>	<u>\$ 300,000</u>	<u>\$ 2,410,883</u>	<u>\$ 6,079,221</u>	<u>\$ 2,864,958</u>	<u>\$ 18,338,590</u>

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

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2009

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 48,135,248	\$ -	\$ 33,781,697	\$ 16,771,753	\$ 19,071,550	\$ 117,760,248
Intermediate sources	2,220	-	-	-	-	2,220
State sources	57,316,535	-	-	-	1,046,319	58,362,854
Federal sources	-	-	-	-	10,193,142	10,193,142
Temporary loans	-	-	12,000,000	-	-	12,000,000
<b>Total receipts</b>	<b>105,454,003</b>	<b>-</b>	<b>45,781,697</b>	<b>16,771,753</b>	<b>30,311,011</b>	<b>198,318,464</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	63,721,749	-	-	-	7,019,919	70,741,668
Support services	27,529,333	381,621	-	7,950,540	14,851,583	50,713,077
Noninstructional services	602,069	-	-	-	6,785,358	7,387,427
Facilities acquisition and construction	-	-	-	5,363,694	177,513	5,541,207
Debt services	-	-	33,616,188	-	386,851	34,003,039
Nonprogrammed charges	1,910,431	-	-	-	-	1,910,431
Temporary loans	24,900,000	-	403,716	-	-	25,303,716
<b>Total disbursements</b>	<b>118,663,582</b>	<b>381,621</b>	<b>34,019,904</b>	<b>13,314,234</b>	<b>29,221,224</b>	<b>195,600,565</b>
Excess (deficiency) of receipts over disbursements	(13,209,579)	(381,621)	11,761,793	3,457,519	1,089,787	2,717,899
<b>Other financing sources (uses):</b>						
Sale of capital assets	33,210	-	-	-	-	33,210
Transfers in	7,340,047	24,150,000	6,750,000	-	7,297,894	45,537,941
Transfers out	(528,504)	(12,940,047)	(18,495,846)	(6,127,061)	(7,446,483)	(45,537,941)
<b>Total other financing sources (uses)</b>	<b>6,844,753</b>	<b>11,209,953</b>	<b>(11,745,846)</b>	<b>(6,127,061)</b>	<b>(148,589)</b>	<b>33,210</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,364,826)	10,828,332	15,947	(2,669,542)	941,198	2,751,109
Cash and investments - beginning	6,683,528	300,000	2,410,883	6,079,221	2,864,958	18,338,590
Cash and investments - ending	<u>\$ 318,702</u>	<u>\$ 11,128,332</u>	<u>\$ 2,426,830</u>	<u>\$ 3,409,679</u>	<u>\$ 3,806,156</u>	<u>\$ 21,089,699</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 318,702	\$ 11,128,332	\$ -	\$ 3,409,679	\$ 3,767,515	\$ 18,624,228
Restricted assets:						
Cash and investments	-	-	2,426,830	-	38,641	2,465,471
<b>Total cash and investment assets - ending</b>	<b><u>\$ 318,702</u></b>	<b><u>\$ 11,128,332</u></b>	<b><u>\$ 2,426,830</u></b>	<b><u>\$ 3,409,679</u></b>	<b><u>\$ 3,806,156</u></b>	<b><u>\$ 21,089,699</u></b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 2,426,830	\$ -	\$ 38,641	\$ 2,465,471
Unrestricted	318,702	11,128,332	-	3,409,679	3,767,515	18,624,228
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 318,702</u></b>	<b><u>\$ 11,128,332</u></b>	<b><u>\$ 2,426,830</u></b>	<b><u>\$ 3,409,679</u></b>	<b><u>\$ 3,806,156</u></b>	<b><u>\$ 21,089,699</u></b>

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

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ -	
Plan members	-	
Total additions	-	
Deductions:		
Benefits	116,623	
Total deductions	116,623	
Excess (deficiency) of total additions over total deductions	(116,623)	
Cash and investment fund balance - beginning	1,815,431	
Cash and investment fund balance - ending	\$ 1,698,808	\$ 126,157
Net assets:		
Cash and investments	\$ 1,698,808	
Total net assets - cash and investment basis held in trust	\$ 1,698,808	

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

HAMILTON SOUTHEASTERN SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2009

	Pension Trust Funds	Agency Funds
Additions:		
Contributions:		
Employer	\$ -	
Plan members	<u>-</u>	
Total additions	<u>-</u>	
Deductions:		
Benefits	<u>403,307</u>	
Total deductions	<u>403,307</u>	
Excess (deficiency) of total additions over total deductions	(403,307)	
Cash and investment fund balance - beginning	<u>1,698,808</u>	
Cash and investment fund balance - ending	<u>\$ 1,295,501</u>	<u>\$ 157,279</u>
Net assets:		
Cash and investments	<u>\$ 1,295,501</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 1,295,501</u>	

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

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Hamilton Southeastern Schools

In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation is a participant with Carmel-Clay School Corporation, Frankton-Lapel School Corporation, Hamilton-Heights School Corporation, Marion-Adams School Corporation, Noblesville Schools, and Westfield-Washington School Corporation in a joint venture to operate the Hamilton-Boone-Madison Special Services (Co-op) which was created to provide instruction for handicapped children. The Co-op's continued existence depends on continued funding by the school corporations. Complete financial statements for the Co-op can be obtained at 5201 E. 131<sup>st</sup> Street Carmel, IN 46033.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The pension trust fund account for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement of severance benefits held by the School Corporation in a trustee capacity.

The agency fund accounts for prepaid student food service payments that are unearned. The earned amounts are transferred to the food service fund at the end of each month.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

The cash and investment 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. Investment transactions are not presented on the financial statements.

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any proprietary funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% 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 become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds and the similar discretely presented component unit result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2009, the bank balance held at Key Bank in a public money market checking account in the amount of \$42,644,964 was insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

As of June 30, 2009, the School Corporation did not have investments. All funds were held in a public money market checking account at Key Bank.

Statutory Authorization for Investments

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation does not have a formal investment policy for credit risk for investments.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
General	Capital Projects	\$ 2,000,000	\$ -
General	Transportation	3,500,000	-
General	Bus Replacement	2,200,000	-
General	Special Education Preschool	500,000	-
General	Levy Excess	-	528,504
Rainy Day	Debt Service	11,400,000	6,750,000
Rainy Day	General	-	1,140,047
Rainy Day	Transportation	-	3,200,000
Rainy Day	Bus Replacement	-	1,250,000
Rainy Day	Special Education Preschool	-	600,000
Debt Service	Capital Projects	2,000,000	-
Debt Service	Rainy Day	10,200,000	18,150,000
Debt Service	Levy Excess	-	343,384
Debt Service	Textbook Rental	-	2,462
Capital Projects	Rainy Day	1,500,000	6,000,000
Capital Projects	Levy Excess	-	127,061
Transportation	General	2,595,000	3,500,000
Transportation	Levy Excess	-	76,593
Special Education Preschool	Capital Projects	200,000	-
Special Education Preschool	General	275,000	500,000
Special Education Preschool	Levy Excess	-	1,352
Levy Excess	Transportation	-	1,104,370
Gifted/Talented	Gifted/Talented 07/08	70,949	-
Title I 06/07	Title I 07/08	19,174	-
Title I 07/08	Title I 08/09	-	36,692
Pension Bond	Levy Excess	-	4,057
Bus Replacement	General	2,230,000	2,200,000
Bus Replacement	Levy Excess	-	23,419
Totals		<u>\$ 38,690,123</u>	<u>\$ 45,537,941</u>

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions.

IV. Other Information

A. Risk Management

The School Corporation is 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 (excluding postemployment benefits); and natural disasters.

The risks of 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 (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with the following (the lessors):

Hamilton Southeastern Consolidated School Building Corporation  
Hamilton Southeastern Cumberland Campus School Building Corporation  
Hamilton Southeastern North Delaware School Building Corporation  
Hamilton Southeastern South Delaware School Building Corporation

The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation.

Lease payments during the years ended June 30, 2008 and 2009, totaled \$31,863,000 and \$33,536,500, respectively.

C. Termination Benefits

On May 21, 2009, the Board adopted a provision to offer a onetime buyout for retirees in an effort to preserve teaching positions. The buyout was limited to the first 50 teachers who applied and qualified for retirement under the Hamilton Southeastern Schools contract which requires either fifteen years of experience in Hamilton Southeastern Schools or the Rule of 80 (age combined with your years of public school teaching experience).

A retirement letter was required to be submitted prior to June 1, 2009, to qualify. Once submitted, the teacher was committed to retire from Hamilton Southeastern Schools at the end of the 2008-2009 school year.

At the end of the school year, teachers who took this buyout received \$20,000 deposited to their 401(a) account. Thirteen teachers took this retirement buyout at the end of the 2008-2009 school year at a total cost of \$260,000.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post-employment health insurance benefits as authorized by Indiana Code 5-10-8 to certified staff and employees who receive administrative benefits hired prior to the 2001-2002 school year who retire with at least 15 years in the School Corporation or age and all public school teaching years equal to 80, until Medicare eligible, but in no event for more than six years. Currently, 24 retirees meet these eligibility requirements. The School Corporation provides a maximum of \$850 per year per eligible retiree for these postemployment benefits. Disbursements for these postemployment benefits are deposited to individual VEBA (voluntary employees' beneficiary association) accounts annually. During the year ended June 30, 2009, disbursements of \$22,100 were recognized for postemployment benefits.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF 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 member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF 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. The report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 890,319
Interest on net pension obligation	(84,991)
Adjustment to annual required contribution	96,854
Annual pension cost	902,182
Contributions made	1,039,878
Increase (decrease) in net pension obligation	(137,696)
Net pension obligation, beginning of year	(1,172,295)
Net pension obligation, end of year	\$ (1,309,991)

	PERF
Contribution rates:	
School Corporation	6.75%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

<u>Actuarial Assumptions</u>	PERF
Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 647,930	108%	\$ (1,067,328)
	06-30-07	739,536	114%	(1,172,295)
	06-30-08	902,182	115%	(1,309,991)

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), 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 TRF 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 member's contributions, set by state statute at 3% 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.

TRF 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:

Teachers' Retirement Fund  
150 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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.

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7.00% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$2,901,172, \$2,719,314, and \$2,285,062, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

HAMILTON SOUTHEASTERN SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 7,360,463	\$ 7,425,433	\$ (64,970)	99%	\$ 11,220,377	(1%)
07-01-07	8,620,220	9,121,603	(501,383)	95%	12,955,053	(4%)
07-01-08	10,075,263	10,884,537	(809,274)	93%	15,568,132	(5%)

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Transportation	Special Education Preschool	Food Service	Textbook Rental	Safe Haven Grant	Gifts and Donations
Receipts:						
Local sources	\$ 7,626,411	\$ 196,593	\$ 5,319,874	\$ 1,136,601	\$ -	\$ 220,624
State sources	-	522,158	112,822	143,858	33,911	-
Federal sources	-	-	827,813	-	-	-
<b>Total receipts</b>	<u>7,626,411</u>	<u>718,751</u>	<u>6,260,509</u>	<u>1,280,459</u>	<u>33,911</u>	<u>220,624</u>
Disbursements:						
Current:						
Instruction	-	578,245	-	-	-	47,536
Support services	8,259,471	153,790	12,845	1,270,395	33,911	87,843
Noninstructional services	-	-	6,461,411	-	-	3,134
Facilities acquisition and construction	-	-	-	-	-	37,016
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>8,259,471</u>	<u>732,035</u>	<u>6,474,256</u>	<u>1,270,395</u>	<u>33,911</u>	<u>175,529</u>
Excess (deficiency) of receipts over disbursements	<u>(633,060)</u>	<u>(13,284)</u>	<u>(213,747)</u>	<u>10,064</u>	<u>-</u>	<u>45,095</u>
Other financing sources (uses):						
Transfers in	3,500,000	500,000	-	-	-	-
Transfers out	<u>(2,595,000)</u>	<u>(475,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>905,000</u>	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	271,940	11,716	(213,747)	10,064	-	45,095
Cash and investments - beginning	<u>586,107</u>	<u>223,517</u>	<u>646,278</u>	<u>147,134</u>	<u>-</u>	<u>111,582</u>
Cash and investments - ending	<u>\$ 858,047</u>	<u>\$ 235,233</u>	<u>\$ 432,531</u>	<u>\$ 157,198</u>	<u>\$ -</u>	<u>\$ 156,677</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 858,047	\$ 235,233	\$ 432,531	\$ 157,198	\$ -	\$ 156,677
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 858,047</u>	<u>\$ 235,233</u>	<u>\$ 432,531</u>	<u>\$ 157,198</u>	<u>\$ -</u>	<u>\$ 156,677</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>858,047</u>	<u>235,233</u>	<u>432,531</u>	<u>157,198</u>	<u>-</u>	<u>156,677</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 858,047</u>	<u>\$ 235,233</u>	<u>\$ 432,531</u>	<u>\$ 157,198</u>	<u>\$ -</u>	<u>\$ 156,677</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2008  
 (Continued)

	Hamilton County Alliance	Gifted and Talented	Gifted and Talented 07/08	Gifted and Talented 07/08	Non-English Speaking Grant	School Technology
<b>Receipts:</b>						
Local sources	\$ 2,897	\$ -	\$ -	\$ -	\$ -	\$ 97,829
State sources	-	-	93,770	-	87,587	-
Federal sources	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,897</b>	<b>-</b>	<b>93,770</b>	<b>-</b>	<b>87,587</b>	<b>97,829</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,739	676	18,281	22,602	90,709	-
Support services	529	-	4,540	25,601	1,332	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	98,787
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>3,268</b>	<b>676</b>	<b>22,821</b>	<b>48,203</b>	<b>92,041</b>	<b>98,787</b>
Excess (deficiency) of receipts over disbursements	(371)	(676)	70,949	(48,203)	(4,454)	(958)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	70,949	-	-
Transfers out	-	-	(70,949)	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(70,949)</b>	<b>70,949</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(371)	(676)	-	22,746	(4,454)	(958)
Cash and investments - beginning	371	676	-	-	4,638	56,239
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 22,746	\$ 184	\$ 55,281
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ -	\$ -	\$ 22,746	\$ 184	\$ 55,281
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,746</b>	<b>\$ 184</b>	<b>\$ 55,281</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	22,746	184	55,281
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 22,746</b>	<b>\$ 184</b>	<b>\$ 55,281</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2008  
 (Continued)

	School Incentive Awards	Coca-Cole Donation	Teacher of the Year Fellowship	Chinese Visiting Teacher	Title I 06/07	Title I 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ 125,078	\$ -	\$ -	\$ -	\$ -
State sources	-	-	8	900	-	-
Federal sources	-	-	-	-	-	378,447
<b>Total receipts</b>	<b>-</b>	<b>125,078</b>	<b>8</b>	<b>900</b>	<b>-</b>	<b>378,447</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	674	24,106	66,611	826	33,882	289,580
Support services	-	180,957	-	74	2,079	45,179
Noninstructional services	-	-	-	-	2,490	2,862
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>674</b>	<b>205,063</b>	<b>66,611</b>	<b>900</b>	<b>38,451</b>	<b>337,621</b>
Excess (deficiency) of receipts over disbursements	(674)	(79,985)	(66,603)	-	(38,451)	40,826
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	19,174
Transfers out	-	-	-	-	(19,174)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(19,174)</b>	<b>19,174</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(674)	(79,985)	(66,603)	-	(57,625)	60,000
Cash and investments - beginning	1,325	126,966	66,603	-	57,625	-
Cash and investments - ending	\$ 651	\$ 46,981	\$ -	\$ -	\$ -	\$ 60,000
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 651	\$ 46,981	\$ -	\$ -	\$ -	\$ 60,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 651</b>	<b>\$ 46,981</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	651	46,981	-	-	-	60,000
<b>Total cash and investment fund balance - ending</b>	<b>\$ 651</b>	<b>\$ 46,981</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 60,000</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2008  
 (Continued)

	Title V Part A 05/06	Title V 06/07	Title V 07/08	Federal Additional Carry-Over	Federal Grant Part B/IAS	Drug-Free 05/06
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	-	19,546	-	475,486	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>19,546</b>	<b>-</b>	<b>475,486</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	119	7,958	11,394	13,225	520,838	8,377
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	3,840
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>119</b>	<b>7,958</b>	<b>11,394</b>	<b>13,225</b>	<b>520,838</b>	<b>12,217</b>
Excess (deficiency) of receipts over disbursements	(119)	(7,958)	8,152	(13,225)	(45,352)	(12,217)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(119)	(7,958)	8,152	(13,225)	(45,352)	(12,217)
Cash and investments - beginning	119	8,503	-	13,225	45,352	12,217
Cash and investments - ending	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 8,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 545	\$ 8,152	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 8,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	545	8,152	-	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 545</u>	<u>\$ 8,152</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2008  
 (Continued)

	Drug-Free 06/07	Drug-Free 07/08	Title II Part A	Title II Part D	Title III Part A	Indiana Workforce Development 06/07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	25,000	2,456	145,000	-	88,343	28,070
<b>Total receipts</b>	<b>25,000</b>	<b>2,456</b>	<b>145,000</b>	<b>-</b>	<b>88,343</b>	<b>28,070</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	17,545	2,277	140,995	33	136,560	5,544
Support services	737	-	20,124	2,367	4,060	13,191
Noninstructional services	500	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	9,336
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>18,782</b>	<b>2,277</b>	<b>161,119</b>	<b>2,400</b>	<b>140,620</b>	<b>28,071</b>
Excess (deficiency) of receipts over disbursements	6,218	179	(16,119)	(2,400)	(52,277)	(1)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,218	179	(16,119)	(2,400)	(52,277)	(1)
Cash and investments - beginning	2,033	-	33,812	2,400	56,673	1
Cash and investments - ending	<u>\$ 8,251</u>	<u>\$ 179</u>	<u>\$ 17,693</u>	<u>\$ -</u>	<u>\$ 4,396</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 8,251	\$ 179	\$ 17,693	\$ -	\$ 4,396	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 8,251</b>	<b>\$ 179</b>	<b>\$ 17,693</b>	<b>\$ -</b>	<b>\$ 4,396</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	8,251	179	17,693	-	4,396	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 8,251</b>	<b>\$ 179</b>	<b>\$ 17,693</b>	<b>\$ -</b>	<b>\$ 4,396</b>	<b>\$ -</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
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 For The Year Ended June 30, 2008  
 (Continued)

	Indiana Workforce Southeastern 08/09	Indiana Workforce Fishers 08/09	Pension Bonds	School Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 384,899	\$ 2,297,035	\$ -	\$ 17,407,841
State sources	-	-	-	-	-	995,014
Federal sources	24,081	2,880	-	-	-	2,017,122
<b>Total receipts</b>	<u>24,081</u>	<u>2,880</u>	<u>384,899</u>	<u>2,297,035</u>	<u>-</u>	<u>20,419,977</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	8,120	2,880	-	-	-	2,052,332
Support services	-	-	-	2,163,432	-	12,282,457
Noninstructional services	-	-	-	-	-	6,474,237
Facilities acquisition and construction	15,960	-	-	-	-	161,099
Debt services	-	-	387,310	-	-	387,310
<b>Total disbursements</b>	<u>24,080</u>	<u>2,880</u>	<u>387,310</u>	<u>2,163,432</u>	<u>-</u>	<u>21,357,435</u>
Excess (deficiency) of receipts over disbursements	<u>1</u>	<u>-</u>	<u>(2,411)</u>	<u>133,603</u>	<u>-</u>	<u>(937,458)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	2,200,000	-	6,290,123
Transfers out	-	-	-	(2,230,000)	-	(5,390,123)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(30,000)</u>	<u>-</u>	<u>900,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1</u>	<u>-</u>	<u>(2,411)</u>	<u>103,603</u>	<u>-</u>	<u>(37,458)</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>67,339</u>	<u>624,209</u>	<u>7,472</u>	<u>2,902,416</u>
Cash and investments - ending	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 64,928</u>	<u>\$ 727,812</u>	<u>\$ 7,472</u>	<u>\$ 2,864,958</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1	\$ -	\$ -	\$ 727,812	\$ 7,472	\$ 2,800,030
Restricted assets:						
Cash and investments	-	-	64,928	-	-	64,928
<b>Total cash and investment assets - ending</b>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 64,928</u>	<u>\$ 727,812</u>	<u>\$ 7,472</u>	<u>\$ 2,864,958</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 64,928	\$ -	\$ -	\$ 64,928
Unrestricted	<u>1</u>	<u>-</u>	<u>-</u>	<u>727,812</u>	<u>7,472</u>	<u>2,800,030</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 64,928</u>	<u>\$ 727,812</u>	<u>\$ 7,472</u>	<u>\$ 2,864,958</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2009

	Transportation	Special Education Preschool	Food Service	Textbook Rental	Levy Excess	Safe Haven Grant	Gifts and Donations
<b>Receipts:</b>							
Local sources	\$ 8,478,135	\$ 190,564	\$ 5,918,140	\$ 1,143,922	\$ -	\$ -	\$ 230,466
State sources	-	570,282	114,240	153,706	-	11,935	-
Federal sources	-	-	1,147,653	-	-	-	-
<b>Total receipts</b>	<b>8,478,135</b>	<b>760,846</b>	<b>7,180,033</b>	<b>1,297,628</b>	<b>-</b>	<b>11,935</b>	<b>230,466</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	-	766,880	-	-	-	-	50,072
Support services	8,914,376	21,005	61,054	1,397,675	-	11,935	95,807
Noninstructional services	-	-	6,721,643	-	-	-	1,144
Facilities acquisition and construction	-	-	-	-	-	-	39,142
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>8,914,376</b>	<b>787,885</b>	<b>6,782,697</b>	<b>1,397,675</b>	<b>-</b>	<b>11,935</b>	<b>186,165</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(436,241)</b>	<b>(27,039)</b>	<b>397,336</b>	<b>(100,047)</b>	<b>-</b>	<b>-</b>	<b>44,301</b>
<b>Other financing sources (uses):</b>							
Transfers in	4,304,370	600,000	-	2,462	1,104,370	-	-
Transfers out	(3,576,593)	(501,352)	-	-	(1,104,370)	-	-
<b>Total other financing sources (uses)</b>	<b>727,777</b>	<b>98,648</b>	<b>-</b>	<b>2,462</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>291,536</b>	<b>71,609</b>	<b>397,336</b>	<b>(97,585)</b>	<b>-</b>	<b>-</b>	<b>44,301</b>
<b>Cash and investments - beginning</b>	<b>858,047</b>	<b>235,233</b>	<b>432,531</b>	<b>157,198</b>	<b>-</b>	<b>-</b>	<b>156,677</b>
<b>Cash and investments - ending</b>	<b>\$ 1,149,583</b>	<b>\$ 306,842</b>	<b>\$ 829,867</b>	<b>\$ 59,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,978</b>
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ 1,149,583	\$ 306,842	\$ 829,867	\$ 59,613	\$ -	\$ -	\$ 200,978
<b>Restricted assets:</b>							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,149,583</b>	<b>\$ 306,842</b>	<b>\$ 829,867</b>	<b>\$ 59,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,978</b>
<b>Cash and Investment Fund Balance - Ending</b>							
<b>Restricted for:</b>							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,149,583	306,842	829,867	59,613	-	-	200,978
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,149,583</b>	<b>\$ 306,842</b>	<b>\$ 829,867</b>	<b>\$ 59,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 200,978</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2009  
 (Continued)

	Hamilton County Alliance	Gifted and Talented 07/08	Gifted and Talented 08/09	Non-English Speaking Grant	School Technology	School Incentive Awards	Coca-Cole Donation
<b>Receipts:</b>							
Local sources	\$ 2,242	\$ -	\$ -	\$ -	\$ 106,833	\$ -	\$ 127,595
State sources	-	-	93,770	102,386	-	-	-
Federal sources	-	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,242</b>	<b>-</b>	<b>93,770</b>	<b>102,386</b>	<b>106,833</b>	<b>-</b>	<b>127,595</b>
<b>Disbursements:</b>							
<b>Current:</b>							
Instruction	2,242	13,315	34,472	100,112	-	-	24,733
Support services	-	9,431	13,230	1,761	-	-	122,955
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	104,176	-	-
Debt services	-	-	-	-	-	-	-
<b>Total disbursements</b>	<b>2,242</b>	<b>22,746</b>	<b>47,702</b>	<b>101,873</b>	<b>104,176</b>	<b>-</b>	<b>147,688</b>
Excess (deficiency) of receipts over disbursements	-	(22,746)	46,068	513	2,657	-	(20,093)
<b>Other financing sources (uses):</b>							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(22,746)	46,068	513	2,657	-	(20,093)
Cash and investments - beginning	-	22,746	-	184	55,281	651	46,981
Cash and investments - ending	\$ -	\$ -	\$ 46,068	\$ 697	\$ 57,938	\$ 651	\$ 26,888
<b>Cash and Investment Assets - Ending</b>							
Cash and investments	\$ -	\$ -	\$ 46,068	\$ 697	\$ 57,938	\$ 651	\$ 26,888
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,068</b>	<b>\$ 697</b>	<b>\$ 57,938</b>	<b>\$ 651</b>	<b>\$ 26,888</b>
<b>Cash and Investment Fund Balance - Ending</b>							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	46,068	697	57,938	651	26,888
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 46,068</b>	<b>\$ 697</b>	<b>\$ 57,938</b>	<b>\$ 651</b>	<b>\$ 26,888</b>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2009  
 (Continued)

	Title I 07/08	Title I 08/09	Title V 06/07	Title V 07/08	Federal Grant Part B/IAS	Drug-Free 06/07
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	38,500	354,433	-	7,622	484,293	-
<b>Total receipts</b>	<b>38,500</b>	<b>354,433</b>	<b>-</b>	<b>7,622</b>	<b>484,293</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	47,786	297,900	545	6,854	484,293	5,317
Support services	10,895	25,518	-	-	-	-
Noninstructional services	3,127	1,923	-	-	-	2,934
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>61,808</b>	<b>325,341</b>	<b>545</b>	<b>6,854</b>	<b>484,293</b>	<b>8,251</b>
Excess (deficiency) of receipts over disbursements	(23,308)	29,092	(545)	768	-	(8,251)
<b>Other financing sources (uses):</b>						
Transfers in	-	36,692	-	-	-	-
Transfers out	(36,692)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(36,692)</b>	<b>36,692</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(60,000)	65,784	(545)	768	-	(8,251)
Cash and investments - beginning	60,000	-	545	8,152	-	8,251
Cash and investments - ending	<u>\$ -</u>	<u>\$ 65,784</u>	<u>\$ -</u>	<u>\$ 8,920</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 65,784	\$ -	\$ 8,920	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 65,784</u>	<u>\$ -</u>	<u>\$ 8,920</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	65,784	-	8,920	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 65,784</u>	<u>\$ -</u>	<u>\$ 8,920</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2009  
 (Continued)

	Drug-Free 07/08	Title II Part A	Title III Part A	Indiana Workforce Southeastern 08/09	Indiana Workforce Fishers 08/09	Indiana Workforce Southeastern 07/08
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	26,000	170,980	116,200	20,170	17,364	14,922
<b>Total receipts</b>	<u>26,000</u>	<u>170,980</u>	<u>116,200</u>	<u>20,170</u>	<u>17,364</u>	<u>14,922</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	16,450	165,594	113,152	9,279	2,596	7,367
Support services	2,221	1,903	325	-	-	7,555
Noninstructional services	1,000	-	-	-	-	-
Facilities acquisition and construction	-	-	-	10,641	14,572	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<u>19,671</u>	<u>167,497</u>	<u>113,477</u>	<u>19,920</u>	<u>17,168</u>	<u>14,922</u>
Excess (deficiency) of receipts over disbursements	<u>6,329</u>	<u>3,483</u>	<u>2,723</u>	<u>250</u>	<u>196</u>	<u>-</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>6,329</u>	<u>3,483</u>	<u>2,723</u>	<u>250</u>	<u>196</u>	<u>-</u>
Cash and investments - beginning	<u>179</u>	<u>17,693</u>	<u>4,396</u>	<u>1</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 6,508</u>	<u>\$ 21,176</u>	<u>\$ 7,119</u>	<u>\$ 251</u>	<u>\$ 196</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 6,508	\$ 21,176	\$ 7,119	\$ 251	\$ 196	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 6,508</u>	<u>\$ 21,176</u>	<u>\$ 7,119</u>	<u>\$ 251</u>	<u>\$ 196</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>6,508</u>	<u>21,176</u>	<u>7,119</u>	<u>251</u>	<u>196</u>	<u>-</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 6,508</u>	<u>\$ 21,176</u>	<u>\$ 7,119</u>	<u>\$ 251</u>	<u>\$ 196</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For The Year Ended June 30, 2009  
 (Continued)

	Indiana Workforce Fishers 07/08	Fiscal Stabilization Grant	Pension Bonds	School Bus Replacement	Construction	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 364,621	\$ 2,509,032	\$ -	\$ 19,071,550
State sources	-	-	-	-	-	1,046,319
Federal sources	10,846	7,784,159	-	-	-	10,193,142
<b>Total receipts</b>	<b>10,846</b>	<b>7,784,159</b>	<b>364,621</b>	<b>2,509,032</b>	<b>-</b>	<b>30,311,011</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,864	4,869,096	-	-	-	7,019,919
Support services	-	1,905,212	-	2,248,725	-	14,851,583
Noninstructional services	-	53,587	-	-	-	6,785,358
Facilities acquisition and construction	8,982	-	-	-	-	177,513
Debt services	-	-	386,851	-	-	386,851
<b>Total disbursements</b>	<b>10,846</b>	<b>6,827,895</b>	<b>386,851</b>	<b>2,248,725</b>	<b>-</b>	<b>29,221,224</b>
Excess (deficiency) of receipts over disbursements	-	956,264	(22,230)	260,307	-	1,089,787
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	1,250,000	-	7,297,894
Transfers out	-	-	(4,057)	(2,223,419)	-	(7,446,483)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>(4,057)</b>	<b>(973,419)</b>	<b>-</b>	<b>(148,589)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	956,264	(26,287)	(713,112)	-	941,198
Cash and investments - beginning	-	-	64,928	727,812	7,472	2,864,958
Cash and investments - ending	<u>\$ -</u>	<u>\$ 956,264</u>	<u>\$ 38,641</u>	<u>\$ 14,700</u>	<u>\$ 7,472</u>	<u>\$ 3,806,156</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ -	\$ 956,264	\$ -	\$ 14,700	\$ 7,472	\$ 3,767,515
Restricted assets:						
Cash and investments	-	-	38,641	-	-	38,641
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 956,264</u>	<u>\$ 38,641</u>	<u>\$ 14,700</u>	<u>\$ 7,472</u>	<u>\$ 3,806,156</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 38,641	\$ -	\$ -	\$ 38,641
Unrestricted	-	956,264	-	14,700	7,472	3,767,515
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 956,264</u>	<u>\$ 38,641</u>	<u>\$ 14,700</u>	<u>\$ 7,472</u>	<u>\$ 3,806,156</u>

HAMILTON SOUTHEASTERN SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2009

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 17,984,484
Buildings	418,964,832
Machinery and equipment	<u>32,133,870</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 469,083,186</u>

HAMILTON SOUTHEASTERN SCHOOLS  
SUPPLEMENTARY INFORMATION  
SCHEDULE OF LONG-TERM DEBT  
June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Hamilton Southeastern Consolidated School Building Corporation		
First Mortgage Bonds, Series 2009	\$ 14,940,000	\$ 600,000
First Mortgage Refunding Bonds, Series 2008	20,145,000	3,385,000
First Mortgage Bonds, Series 2007B	26,675,000	1,945,000
First Mortgage Bonds, Series 2007	19,020,000	1,380,000
First Mortgage Refunding Bonds, Series 2007	48,820,000	2,874,500
First Mortgage Bonds, Series 2006	6,475,000	534,500
First Mortgage Refunding Bonds, Series 2005A	65,245,000	7,570,000
First Mortgage Refunding Bonds, Series 2005B	9,575,000	1,057,000
First Mortgage Bonds, Series 2004	56,730,000	6,398,000
First Mortgage Bonds, Series 2004B	6,560,000	1,480,000
First Mortgage Refunding Bonds, Series 2000	6,616,661	2,338,000
First Mortgage Refunding Bonds, Series 1991	1,705,496	-
Hamilton Southeastern Cumberland Campus School Building Corporation:		
First Mortgage Bonds, Series 2004A	16,685,000	2,520,500
First Mortgage Bonds, Series 2003	3,700,000	362,000
First Mortgage Refunding Bonds, Series 2002	9,205,000	2,353,000
Hamilton Southeastern North Delaware School Building Corporation:		
First Mortgage Bonds, Series 2003	12,375,000	1,194,000
Notes and loans payable:		
Common School Loan A0267	37,500	38,438
General obligation bonds payable:		
Pension Bonds of 2003: (Indiana Bond Bank Series 4)	<u>4,040,000</u>	<u>385,513</u>
Total governmental activities debt	<u>\$ 328,549,657</u>	<u>\$ 36,415,451</u>

HAMILTON SOUTHEASTERN SCHOOLS  
AUDIT RESULT AND COMMENT

EDUCATIONAL FEES

Textbook rental, consumable goods and materials fees are collected by each of the building Extra-Curricular Treasurers, and receipted into the respective extra-curricular account. The textbook portion is then remitted to the School Corporation Treasurer and receipted into the Textbook Rental Fund (fund 800). The amounts collected for consumable goods and materials fees remain in the records of the extra-curricular accounts.

IC 20-26-4-1(c) concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for all the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the compliance of the Hamilton Southeastern Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009. 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. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2008 and 2009.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133  
(Continued)

A control deficiency in a School Corporation's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the school board, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

December 10, 2009

HAMILTON SOUTHEASTERN SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553	3005	\$ 19,467	\$ 14,214
National School Lunch Program	10.555	3005	<u>1,074,126</u>	<u>1,240,295</u>
Total for cluster			<u>1,093,593</u>	<u>1,254,509</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	07-3005 08-3005 09-3005	38,451 337,620 <u>-</u>	- 61,808 <u>325,341</u>
Total for program			<u>376,071</u>	<u>387,149</u>
Pass-Through Hamilton-Boone-Madison Special Services Cooperative Special Education - Grants to States	84.027	06/07 06/07 07/08 08/09	13,225 45,353 475,485 <u>-</u>	- - - <u>484,293</u>
Total for program			<u>534,063</u>	<u>484,293</u>
Pass-Through Indiana Department of Workforce Development Vocational Education - Basic Grants to States Enter project in this cell	84.048	BIO-6-271 BIO-7-271 TP-7-271 TP-8-271	24,080 2,880 - <u>-</u>	19,919 17,167 14,922 <u>10,845</u>
Total for program			<u>26,960</u>	<u>62,853</u>
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	3005-05 3005-06 3005-07	12,217 18,782 <u>2,277</u>	- 8,251 <u>19,671</u>
Total for program			<u>33,276</u>	<u>27,922</u>
Tech-Prep Education	84.243	TP-6-271	<u>28,070</u>	<u>-</u>
State Grants for Innovative Programs	84.298	05-3005 06-3005 07-3005	119 7,958 <u>11,394</u>	- 545 <u>6,854</u>
Total for program			<u>19,471</u>	<u>7,399</u>
Education Technology State Grants	84.318	05-3005	<u>2,400</u>	<u>-</u>
English Language Acquisition Grants	84.365	FY 06/07 FY 07/08 FY 08/09	56,673 83,947 <u>-</u>	- 4,395 <u>109,082</u>
Total for program			<u>140,620</u>	<u>113,477</u>
Improving Teacher Quality State Grants	84.367	05-3005 06-3005 07-3005	19,060 142,059 <u>-</u>	- 17,693 <u>149,804</u>
Total for program			<u>161,119</u>	<u>167,497</u>
ARRA - State Fiscal Stabilization Fund	84.394	FY 08/09	<u>-</u>	<u>6,827,895</u>
Total for federal grantor agency			<u>1,322,050</u>	<u>8,078,485</u>
Total federal awards expended			<u>\$ 2,415,643</u>	<u>\$ 9,332,994</u>

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

HAMILTON SOUTHEASTERN SCHOOLS  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Hamilton Southeastern Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
School Breakfast Program	10.553	\$ 4,237	\$ 2,684
National School Lunch Program	10.555	246,314	222,395

HAMILTON SOUTHEASTERN SCHOOLS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.027	Child Nutrition Cluster Special Education – Grants to States

Dollar threshold used to distinguish between Type A and Type B programs: \$ 352,459

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

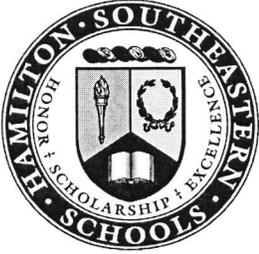
No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on December 15, 2009, with Diane Eaton, President of the School Board; Brian Smith, Superintendent of Schools; Michael Reuter, Treasurer; and Cecilie Nunn, Business Manager. The official response has been made a part of this report and may be found on page 47.



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December 15, 2009

State Board of Accounts  
302 W. Washington St., Room E-418  
Indianapolis, IN 46204-2765

Please consider this as Hamilton Southeastern Schools' official response to the most recent audit exception. We request that this be included with our final audit report.

The consumable and material fees collected by Extra-Curricular Treasurers through the book rental process remain at the building level in extra-curricular accounts. It is the position of Hamilton Southeastern Schools that there is more internal control by retaining these fees in separate extra-curricular accounts rather than transferring these dollars to the Corporation General Fund. If transferred to the General Fund, these dollars would be co-mingled with other sources of revenue. Also, textbook and consumable expenses would be co-mingled with other expenditures.

We believe our system and procedures provide for more transparency and accountability for our taxpayers. By retaining these dollars in separate extra-curricular accounts at the school level, the district can provide a more detailed accounting if required.

Michael Reuter

Chief Financial Officer