

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

HAMILTON SOUTHEASTERN SCHOOLS
HAMILTON COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED

03/14/2014

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael A. Reuter	07-01-11 to 06-30-14
Superintendent of Schools	Dr. Brian Smith	07-01-11 to 06-30-14
President of the School Board	Katrina Hockemeyer Diane Eaton John DeLucia	07-01-11 to 01-13-13 01-14-13 to 01-12-14 01-13-14 to 12-31-14



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Hamilton Southeastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 21, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.



Paul D. Joyce, CPA
State Examiner

January 21, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Hamilton Southeastern Schools (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 21, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

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

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

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

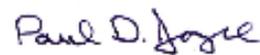
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
(Continued)

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

January 21, 2014

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FINANCIAL STATEMENT

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

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HAMILTON SOUTHEASTERN SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments		Other Financing		Cash and Investments		Other Financing		Cash and Investments	
	07-01-11	Receipts	Disbursements	Sources (Uses)	06-30-12	Receipts	Disbursements	Sources (Uses)	06-30-13	
General	\$ 5,202,103	\$ 100,444,901	\$ 102,961,018	\$ 1,000,000	\$ 3,685,986	\$ 108,181,238	\$ 108,872,399	\$ 269	\$ 2,995,094	
Referendum Tax Levy	2,552,309	8,115,929	8,325,811	-	2,342,427	8,805,895	8,228,809	-	2,919,513	
Debt Service	3,126,497	39,220,185	35,762,608	-	6,584,074	33,031,921	37,361,354	(39,646)	2,214,995	
Retirement/Severance Bond Debt Service	230,905	471,758	414,633	-	288,030	474,999	490,777	-	272,252	
Referendum Debt Exempt Capital	-	644,510	-	-	644,510	1,867,869	1,950,000	-	562,379	
Capital Projects	11,542,621	17,042,454	16,561,616	(1,494,000)	10,529,459	18,789,530	18,480,963	(1,000,000)	9,838,026	
School Transportation	6,566,456	13,262,395	12,506,656	(500,000)	6,822,195	13,975,339	13,761,435	-	7,036,099	
School Bus Replacement	827,720	3,294,285	3,052,096	-	1,069,909	4,366,900	4,169,365	-	1,267,444	
Rainy Day	4,635,422	7,208,713	9,271,100	1,000,000	3,573,035	9,100,000	12,823,328	1,000,000	849,707	
Retirement/Severance Bond	646,314	-	593,710	-	52,604	-	2,604	-	50,000	
Post-Retirement/Severance Future Benefits	50,152	50,340	-	-	100,492	50,357	-	-	150,849	
Construction	7,472	-	-	-	7,472	-	-	-	7,472	
Construction Fund - HSE HS	1,826,137	-	1,472,041	-	354,096	-	25,484	-	328,612	
Const - FCE Café/Security	-	-	-	-	-	-	-	3,596,925	3,596,925	
School Lunch	1,757,482	8,360,069	7,750,008	-	2,367,543	8,679,016	8,472,459	-	2,574,100	
Textbook Rental	1,208,412	1,675,756	2,585,024	-	299,144	1,946,812	1,836,846	39,646	448,756	
Self-Insurance	224,460	1,068,438	1,050,743	-	242,155	1,254,650	1,115,811	-	380,994	
Levy Excess	-	-	-	-	-	-	-	-	-	
SAFE School Haven	-	-	-	-	-	-	-	-	-	
Gifts and Donations	173,763	436,210	348,647	-	261,326	409,301	287,203	-	383,424	
High Ability 2009-2010	-	-	-	-	-	-	-	-	-	
High Ability 2010-2011	44,645	-	44,645	-	-	-	-	-	-	
High Ability 2011-2012	-	101,822	47,900	-	53,922	-	53,922	-	-	
High Ability 2012-2013	-	-	-	-	-	126,642	93,673	-	32,969	
Step Ahead - IRead	-	2,500	1,256	-	1,244	-	-	-	1,244	
Non-English Speaking Programs P.L. 273-1999	-	49,462	48,621	-	841	48,654	48,976	-	519	
School Technology	158,933	118,201	217,735	-	59,399	185,605	72,156	-	172,848	
Performance Based Awards	-	-	-	-	-	-	-	-	-	
Coca Cola Fund	130,854	151,125	54,569	-	227,410	138,233	143,235	-	222,408	
Title I 2011/2012	-	304,880	336,419	-	(31,539)	72,676	41,137	-	-	
Title I 2012/2013	-	-	-	-	-	370,933	386,719	-	(15,786)	
Title I 2009/2010	-	-	-	-	-	-	-	-	-	
Title I 2010/2011	30,220	-	30,220	-	-	-	-	-	-	
Federal Pre-School (619)	-	-	-	-	-	76,693	81,501	-	(4,808)	
Federal Grant Part B	-	654,480	682,742	-	(28,262)	2,479,867	2,653,468	-	(201,863)	
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	69,939	69,939	-	-	
Drug Free 2009/2010	-	18,363	18,363	-	-	-	-	-	-	
Drug Free 2008/2009	-	-	-	-	-	-	-	-	-	
Team Nutrition Training Grants	4,375	1,600	5,975	-	-	-	-	-	-	
PLTW HS Bio 10-11 Revise	-	-	-	-	-	-	-	-	-	
PLTW FHS Eng 10-11 Revise	-	808	808	-	-	-	-	-	-	
PLTW HS Eng 10-11	-	-	-	-	-	-	-	-	-	
Tech Prep/JEL Pre-Eng HS	-	14,688	14,688	-	-	-	-	-	-	
Tech Prep/JEL Pre-Eng FHS	-	14,494	14,494	-	-	-	-	-	-	
Prep Tech Pre-Eng 2012 HS	-	-	-	-	-	7,655	7,655	-	-	
Improving Teaching Quality, No Child Left, Title II, Part A	1,996	193,724	211,287	-	(15,567)	121,935	110,515	-	(4,147)	
Title III, Language Instruction	4,227	60,190	67,354	-	(2,937)	74,440	73,110	-	(1,607)	
Special Education - Part B	52,412	233,790	286,202	-	-	-	-	-	-	
Special Education - Part B - Preschool	2,342	9,825	12,167	-	-	-	-	-	-	
Qualified School Construction Bond	124,428	-	124,428	-	-	-	-	-	-	
Education Jobs	-	3,066,555	3,073,696	-	(7,141)	69,904	62,763	-	-	
Lunch Prepaid Clearing	195,032	445,653	433,012	-	207,673	473,757	427,762	-	253,668	
Totals	\$ 41,327,689	\$ 206,738,103	\$ 208,382,292	\$ 6,000	\$ 39,689,500	\$ 215,250,760	\$ 222,205,368	\$ 3,597,194	\$ 36,332,086	

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

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

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

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
1 North Capital Street, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 7. Cash Balance Deficits

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

Note 8. Holding Corporations

The School Corporation has entered into various capital leases with the Hamilton Southeastern Consolidated School Building Corporation, Hamilton Southeastern Cumberland Campus School Building Corporation, Hamilton Southeastern North Delaware School Building Corporation, and Hamilton Southeastern South Delaware School Building Corporation (the lessors). The lessors were organized as private not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the years ended June 30, 2012, and June 30, 2013, totaled \$35,585,000 and \$36,090,000, respectively.

Note 9. Subsequent Events

The following subsequent events occurred:

1. Collective Bargaining Agreement – A new collective bargaining agreement was entered into between the Board of School Trustees of Hamilton Southeastern Schools and the Hamilton Southeastern Education Association. This new agreement is in effect from August 10, 2013 to June 30, 2015.
2. Capital Leases – Subsequent to June 30, 2013, the Hamilton Southeastern Consolidated School Building Corporation (Building Corporation) issued refunding bonds in the amount of \$15,465,000. The purposes of these bonds were to refund outstanding Building Corporation bonds. Additionally, the School Corporation approved the issuance of BAN's by the Building Corporation in the amount of \$20,000,000 to provide funding for construction and/or reconstruction of facilities for lease to the School Corporation. As a result of the above actions, the School Corporation entered into new and amended capital leases with the Building Corporation.

Note 10. Other Postemployment Benefits

The School Corporation provides a maximum of \$850 per year per eligible retiree for postemployment benefits. Disbursements for these postemployment benefits are deposited to individual VEBA (voluntary employees' beneficiary association) accounts annually. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office.

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

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

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 5,202,103	\$ 2,552,309	\$ 3,126,497	\$ 230,905	\$ -	\$ 11,542,621	\$ 6,566,456	\$ 827,720
Receipts:								
Local sources	2,249,186	6,115,929	34,244,185	371,758	644,510	14,042,454	11,062,395	1,494,285
Intermediate sources	10	-	-	-	-	-	-	-
State sources	98,179,381	-	-	-	-	-	-	-
Federal sources	16,324	-	51,000	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	2,000,000	4,925,000	100,000	-	3,000,000	2,200,000	1,800,000
Other	-	-	-	-	-	-	-	-
Total receipts	<u>100,444,901</u>	<u>8,115,929</u>	<u>39,220,185</u>	<u>471,758</u>	<u>644,510</u>	<u>17,042,454</u>	<u>13,262,395</u>	<u>3,294,285</u>
Disbursements:								
Current:								
Instruction	76,168,542	-	-	-	-	-	-	-
Support services	21,083,636	6,125,811	-	-	-	8,116,527	10,306,656	2,352,096
Noninstructional services	708,840	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	6,445,089	-	-
Debt services	-	-	35,762,608	389,633	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	5,000,000	2,200,000	-	25,000	-	2,000,000	2,200,000	700,000
Total disbursements	<u>102,961,018</u>	<u>8,325,811</u>	<u>35,762,608</u>	<u>414,633</u>	<u>-</u>	<u>16,561,616</u>	<u>12,506,656</u>	<u>3,052,096</u>
Excess (deficiency) of receipts over disbursements	<u>(2,516,117)</u>	<u>(209,882)</u>	<u>3,457,577</u>	<u>57,125</u>	<u>644,510</u>	<u>480,838</u>	<u>755,739</u>	<u>242,189</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	6,000	-	-
Transfers in	1,000,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,500,000)	(500,000)	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(1,494,000)</u>	<u>(500,000)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,516,117)</u>	<u>(209,882)</u>	<u>3,457,577</u>	<u>57,125</u>	<u>644,510</u>	<u>(1,013,162)</u>	<u>255,739</u>	<u>242,189</u>
Cash and investments - ending	<u>\$ 3,685,986</u>	<u>\$ 2,342,427</u>	<u>\$ 6,584,074</u>	<u>\$ 288,030</u>	<u>\$ 644,510</u>	<u>\$ 10,529,459</u>	<u>\$ 6,822,195</u>	<u>\$ 1,069,909</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction	Construction Fund - HSE HS	Const - FCE Café/ Security	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 4,635,422	\$ 646,314	\$ 50,152	\$ 7,472	\$ 1,826,137	\$ -	\$ 1,757,482	\$ 1,208,412
Receipts:								
Local sources	8,713	-	50,340	-	-	-	6,718,510	1,476,206
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	132,692	199,550
Federal sources	-	-	-	-	-	-	1,508,867	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	7,200,000	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>7,208,713</u>	<u>-</u>	<u>50,340</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,360,069</u>	<u>1,675,756</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	171,100	593,710	-	-	-	-	344,300	2,585,024
Noninstructional services	-	-	-	-	-	-	7,369,830	-
Facilities acquisition and construction	-	-	-	-	1,472,041	-	35,878	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	9,100,000	-	-	-	-	-	-	-
Total disbursements	<u>9,271,100</u>	<u>593,710</u>	<u>-</u>	<u>-</u>	<u>1,472,041</u>	<u>-</u>	<u>7,750,008</u>	<u>2,585,024</u>
Excess (deficiency) of receipts over disbursements	<u>(2,062,387)</u>	<u>(593,710)</u>	<u>50,340</u>	<u>-</u>	<u>(1,472,041)</u>	<u>-</u>	<u>610,061</u>	<u>(909,268)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	2,000,000	-	-	-	-	-	-	-
Transfers out	(1,000,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<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>(1,062,387)</u>	<u>(593,710)</u>	<u>50,340</u>	<u>-</u>	<u>(1,472,041)</u>	<u>-</u>	<u>610,061</u>	<u>(909,268)</u>
Cash and investments - ending	<u>\$ 3,573,035</u>	<u>\$ 52,604</u>	<u>\$ 100,492</u>	<u>\$ 7,472</u>	<u>\$ 354,096</u>	<u>\$ -</u>	<u>\$ 2,367,543</u>	<u>\$ 299,144</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Self- Insurance	Levy Excess	SAFE School Haven	Gifts and Donations	High Ability 2009-2010	High Ability 2010-2011	High Ability 2011-2012	High Ability 2012-2013
Cash and investments - beginning	\$ 224,460	\$ -	\$ -	\$ 173,763	\$ -	\$ 44,645	\$ -	\$ -
Receipts:								
Local sources	1,068,438	-	-	436,210	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	101,822	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,068,438</u>	<u>-</u>	<u>-</u>	<u>436,210</u>	<u>-</u>	<u>-</u>	<u>101,822</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	-	-	-	41,922	-	39,746	47,104	-
Support services	515,101	-	-	291,305	-	4,899	796	-
Noninstructional services	-	-	-	500	-	-	-	-
Facilities acquisition and construction	-	-	-	14,920	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	535,642	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>1,050,743</u>	<u>-</u>	<u>-</u>	<u>348,647</u>	<u>-</u>	<u>44,645</u>	<u>47,900</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>17,695</u>	<u>-</u>	<u>-</u>	<u>87,563</u>	<u>-</u>	<u>(44,645)</u>	<u>53,922</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>17,695</u>	<u>-</u>	<u>-</u>	<u>87,563</u>	<u>-</u>	<u>(44,645)</u>	<u>53,922</u>	<u>-</u>
Cash and investments - ending	<u>\$ 242,155</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 261,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,922</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Step Ahead - IRead	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Coca Cola Fund	Title I 2011/2012	Title I 2012/2013	Title I 2009/2010
Cash and investments - beginning	\$ -	\$ -	\$ 158,933	\$ -	\$ 130,854	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	118,201	-	151,125	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	2,500	49,462	-	-	-	-	-	-
Federal sources	-	-	-	-	-	304,880	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>2,500</u>	<u>49,462</u>	<u>118,201</u>	<u>-</u>	<u>151,125</u>	<u>304,880</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	1,256	48,621	-	-	36,182	319,036	-	-
Support services	-	-	-	-	18,387	14,028	-	-
Noninstructional services	-	-	-	-	-	3,355	-	-
Facilities acquisition and construction	-	-	217,735	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>1,256</u>	<u>48,621</u>	<u>217,735</u>	<u>-</u>	<u>54,569</u>	<u>336,419</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>1,244</u>	<u>841</u>	<u>(99,534)</u>	<u>-</u>	<u>96,556</u>	<u>(31,539)</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>1,244</u>	<u>841</u>	<u>(99,534)</u>	<u>-</u>	<u>96,556</u>	<u>(31,539)</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 1,244</u>	<u>\$ 841</u>	<u>\$ 59,399</u>	<u>\$ -</u>	<u>\$ 227,410</u>	<u>\$ (31,539)</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title I 2010/2011	Federal Pre-School (619)	Federal Grant Part B	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free 2009/2010	Drug Free 2008/2009	Team Nutrition Training Grants
Cash and investments - beginning	\$ 30,220	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,375
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	654,480	-	18,363	-	1,600
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>654,480</u>	<u>-</u>	<u>18,363</u>	<u>-</u>	<u>1,600</u>
Disbursements:							
Current:							
Instruction	30,220	-	682,742	-	5,124	-	-
Support services	-	-	-	-	8,527	-	594
Noninstructional services	-	-	-	-	4,712	-	5,381
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>30,220</u>	<u>-</u>	<u>682,742</u>	<u>-</u>	<u>18,363</u>	<u>-</u>	<u>5,975</u>
Excess (deficiency) of receipts over disbursements	<u>(30,220)</u>	<u>-</u>	<u>(28,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,375)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>(30,220)</u>	<u>-</u>	<u>(28,262)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,375)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (28,262)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	PLTW HS Bio 10-11 Revise	PLTW FHS Eng 10-11 Revise	PLTW HS Eng 10-11	Tech Prep/ JEL Pre-Eng HS	Tech Prep/ JEL Pre Eng FHS	Prep Tech Pre-Eng 2012 HS	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,996
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	808	-	14,688	14,494	-	193,724
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	808	-	14,688	14,494	-	193,724
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	150,464
Support services	-	808	-	-	-	-	60,823
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	14,688	14,494	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	808	-	14,688	14,494	-	211,287
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	(17,563)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	(17,563)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,567)

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Title III, Language Instruction	Special Education - Part B	Special Education - Part B - Preschool	Qualified School Construction Bond	Education Jobs	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ 4,227	\$ 52,412	\$ 2,342	\$ 124,428	\$ -	\$ 195,032	\$ 41,327,689
Receipts:							
Local sources	-	-	-	-	-	-	80,252,445
Intermediate sources	-	-	-	-	-	-	10
State sources	-	-	-	-	-	-	98,665,407
Federal sources	60,190	233,790	9,825	-	3,066,555	-	6,149,588
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	21,225,000
Other	-	-	-	-	-	445,653	445,653
Total receipts	<u>60,190</u>	<u>233,790</u>	<u>9,825</u>	<u>-</u>	<u>3,066,555</u>	<u>445,653</u>	<u>206,738,103</u>
Disbursements:							
Current:							
Instruction	67,354	279,074	12,167	-	2,906,572	-	80,836,126
Support services	-	7,128	-	-	167,124	-	52,768,380
Noninstructional services	-	-	-	-	-	-	8,092,618
Facilities acquisition and construction	-	-	-	124,428	-	-	8,339,273
Debt services	-	-	-	-	-	-	36,152,241
Nonprogrammed charges	-	-	-	-	-	433,012	968,654
Interfund loans	-	-	-	-	-	-	21,225,000
Total disbursements	<u>67,354</u>	<u>286,202</u>	<u>12,167</u>	<u>124,428</u>	<u>3,073,696</u>	<u>433,012</u>	<u>208,382,292</u>
Excess (deficiency) of receipts over disbursements	<u>(7,164)</u>	<u>(52,412)</u>	<u>(2,342)</u>	<u>(124,428)</u>	<u>(7,141)</u>	<u>12,641</u>	<u>(1,644,189)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	6,000
Transfers in	-	-	-	-	-	-	3,000,000
Transfers out	-	-	-	-	-	-	(3,000,000)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(7,164)</u>	<u>(52,412)</u>	<u>(2,342)</u>	<u>(124,428)</u>	<u>(7,141)</u>	<u>12,641</u>	<u>(1,638,189)</u>
Cash and investments - ending	<u>\$ (2,937)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (7,141)</u>	<u>\$ 207,673</u>	<u>\$ 39,689,500</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement
Cash and investments - beginning	\$ 3,685,986	\$ 2,342,427	\$ 6,584,074	\$ 288,030	\$ 644,510	\$ 10,529,459	\$ 6,822,195	\$ 1,069,909
Receipts:								
Local sources	1,389,660	6,105,895	33,006,421	374,999	1,667,869	13,805,949	11,475,339	2,066,900
Intermediate sources	-	-	-	-	-	-	-	-
State sources	104,780,257	-	-	-	-	-	-	-
Federal sources	11,321	-	25,500	-	-	-	-	-
Temporary loans	-	-	-	-	-	483,581	-	-
Interfund loans	2,000,000	2,700,000	-	100,000	200,000	4,500,000	2,500,000	2,300,000
Other	-	-	-	-	-	-	-	-
Total receipts	<u>108,181,238</u>	<u>8,805,895</u>	<u>33,031,921</u>	<u>474,999</u>	<u>1,867,869</u>	<u>18,789,530</u>	<u>13,975,339</u>	<u>4,366,900</u>
Disbursements:								
Current:								
Instruction	83,520,315	-	-	-	-	-	-	-
Support services	24,616,731	6,228,809	-	-	-	8,805,097	11,561,435	2,369,365
Noninstructional services	735,353	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	6,675,866	-	-
Debt services	-	-	34,561,354	390,777	1,950,000	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	2,000,000	2,800,000	100,000	-	3,000,000	2,200,000	1,800,000
Total disbursements	<u>108,872,399</u>	<u>8,228,809</u>	<u>37,361,354</u>	<u>490,777</u>	<u>1,950,000</u>	<u>18,480,963</u>	<u>13,761,435</u>	<u>4,169,365</u>
Excess (deficiency) of receipts over disbursements	<u>(691,161)</u>	<u>577,086</u>	<u>(4,329,433)</u>	<u>(15,778)</u>	<u>(82,131)</u>	<u>308,567</u>	<u>213,904</u>	<u>197,535</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	269	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	(39,646)	-	-	(1,000,000)	-	-
Total other financing sources (uses)	<u>269</u>	<u>-</u>	<u>(39,646)</u>	<u>-</u>	<u>-</u>	<u>(1,000,000)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(690,892)</u>	<u>577,086</u>	<u>(4,369,079)</u>	<u>(15,778)</u>	<u>(82,131)</u>	<u>(691,433)</u>	<u>213,904</u>	<u>197,535</u>
Cash and investments - ending	<u>\$ 2,995,094</u>	<u>\$ 2,919,513</u>	<u>\$ 2,214,995</u>	<u>\$ 272,252</u>	<u>\$ 562,379</u>	<u>\$ 9,838,026</u>	<u>\$ 7,036,099</u>	<u>\$ 1,267,444</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Rainy Day	Retirement/ Severance Bond	Post- Retirement/ Severance Future Benefits	Construction	Construction Fund - HSE HS	Const - FCE Café/ Security	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 3,573,035	\$ 52,604	\$ 100,492	\$ 7,472	\$ 354,096	\$ -	\$ 2,367,543	\$ 299,144
Receipts:								
Local sources	-	-	50,357	-	-	-	6,794,337	1,730,593
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	135,427	216,219
Federal sources	-	-	-	-	-	-	1,749,252	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	9,100,000	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>9,100,000</u>	<u>-</u>	<u>50,357</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,679,016</u>	<u>1,946,812</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	-
Support services	575,998	2,604	-	-	-	-	442,851	1,836,846
Noninstructional services	-	-	-	-	-	-	8,024,685	-
Facilities acquisition and construction	747,330	-	-	-	25,484	-	4,923	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	11,500,000	-	-	-	-	-	-	-
Total disbursements	<u>12,823,328</u>	<u>2,604</u>	<u>-</u>	<u>-</u>	<u>25,484</u>	<u>-</u>	<u>8,472,459</u>	<u>1,836,846</u>
Excess (deficiency) of receipts over disbursements	<u>(3,723,328)</u>	<u>(2,604)</u>	<u>50,357</u>	<u>-</u>	<u>(25,484)</u>	<u>-</u>	<u>206,557</u>	<u>109,966</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	3,596,925	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	1,000,000	-	-	-	-	-	-	39,646
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>1,000,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,596,925</u>	<u>-</u>	<u>39,646</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(2,723,328)</u>	<u>(2,604)</u>	<u>50,357</u>	<u>-</u>	<u>(25,484)</u>	<u>3,596,925</u>	<u>206,557</u>	<u>149,612</u>
Cash and investments - ending	<u>\$ 849,707</u>	<u>\$ 50,000</u>	<u>\$ 150,849</u>	<u>\$ 7,472</u>	<u>\$ 328,612</u>	<u>\$ 3,596,925</u>	<u>\$ 2,574,100</u>	<u>\$ 448,756</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Self- Insurance	Levy Excess	SAFE School Haven	Gifts and Donations	High Ability 2009-2010	High Ability 2010-2011	High Ability 2011-2012	High Ability 2012-2013
Cash and investments - beginning	\$ 242,155	\$ -	\$ -	\$ 261,326	\$ -	\$ -	\$ 53,922	\$ -
Receipts:								
Local sources	1,254,650	-	-	409,301	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	126,642
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>1,254,650</u>	<u>-</u>	<u>-</u>	<u>409,301</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>126,642</u>
Disbursements:								
Current:								
Instruction	-	-	-	30,626	-	-	53,298	79,048
Support services	1,115,811	-	-	191,893	-	-	624	14,625
Noninstructional services	-	-	-	1,000	-	-	-	-
Facilities acquisition and construction	-	-	-	63,684	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	<u>1,115,811</u>	<u>-</u>	<u>-</u>	<u>287,203</u>	<u>-</u>	<u>-</u>	<u>53,922</u>	<u>93,673</u>
Excess (deficiency) of receipts over disbursements	<u>138,839</u>	<u>-</u>	<u>-</u>	<u>122,098</u>	<u>-</u>	<u>-</u>	<u>(53,922)</u>	<u>32,969</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<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>138,839</u>	<u>-</u>	<u>-</u>	<u>122,098</u>	<u>-</u>	<u>-</u>	<u>(53,922)</u>	<u>32,969</u>
Cash and investments - ending	<u>\$ 380,994</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 383,424</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 32,969</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Step Ahead - IRead	Non-English Speaking Programs P.L. 273-1999	School Technology	Performance Based Awards	Coca Cola Fund	Title I 2011/2012	Title I 2012/2013	Title I 2009/2010
Cash and investments - beginning	\$ 1,244	\$ 841	\$ 59,399	\$ -	\$ 227,410	\$ (31,539)	\$ -	\$ -
Receipts:								
Local sources	-	-	185,605	-	138,233	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	48,654	-	-	-	-	-	-
Federal sources	-	-	-	-	-	72,676	370,933	-
Temporary loans	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	48,654	185,605	-	138,233	72,676	370,933	-
Disbursements:								
Current:								
Instruction	-	48,098	-	-	95,686	35,015	382,613	-
Support services	-	878	-	-	47,549	5,149	3,227	-
Noninstructional services	-	-	-	-	-	973	879	-
Facilities acquisition and construction	-	-	72,156	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	48,976	72,156	-	143,235	41,137	386,719	-
Excess (deficiency) of receipts over disbursements	-	(322)	113,449	-	(5,002)	31,539	(15,786)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(322)	113,449	-	(5,002)	31,539	(15,786)	-
Cash and investments - ending	\$ 1,244	\$ 519	\$ 172,848	\$ -	\$ 222,408	\$ -	\$ (15,786)	\$ -

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title I 2010/2011	Federal Pre-School (619)	Federal Grant Part B	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Drug Free 2009/2010	Drug Free 2008/2009	Team Nutrition Training Grants
Cash and investments - beginning	\$ -	\$ -	\$ (28,262)	\$ -	\$ -	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	76,693	2,479,867	69,939	-	-	-
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>76,693</u>	<u>2,479,867</u>	<u>69,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	81,501	2,649,080	69,939	-	-	-
Support services	-	-	4,388	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>81,501</u>	<u>2,653,468</u>	<u>69,939</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>(4,808)</u>	<u>(173,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<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>-</u>	<u>(4,808)</u>	<u>(173,601)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (4,808)</u>	<u>\$ (201,863)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	PLTW HS Bio 10-11 Revise	PLTW FHS Eng 10-11 Revise	PLTW HS Eng 10-11	Tech Prep/ JEL Pre-Eng HS	Tech Prep/ JEL Pre Eng FHS	Prep Tech Pre-Eng 2012 HS	Improving Teaching Quality, No Child Left, Title II, Part A
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (15,567)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	7,655	121,935
Temporary loans	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	7,655	121,935
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	-	-	-	-	2,250	110,515
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	5,405	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	7,655	110,515
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	11,420
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	11,420
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (4,147)

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Title III, Language Instruction	Special Education - Part B	Special Education - Part B - Preschool	Qualified School Construction Bond	Education Jobs	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ (2,937)	\$ -	\$ -	\$ -	\$ (7,141)	\$ 207,673	\$ 39,689,500
Receipts:							
Local sources	-	-	-	-	-	-	80,456,108
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	105,307,199
Federal sources	74,440	-	-	-	69,904	-	5,130,115
Temporary loans	-	-	-	-	-	-	483,581
Interfund loans	-	-	-	-	-	-	23,400,000
Other	-	-	-	-	-	473,757	473,757
Total receipts	<u>74,440</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>69,904</u>	<u>473,757</u>	<u>215,250,760</u>
Disbursements:							
Current:							
Instruction	71,955	-	-	-	62,761	-	87,179,935
Support services	1,155	-	-	-	2	-	57,937,802
Noninstructional services	-	-	-	-	-	-	8,762,890
Facilities acquisition and construction	-	-	-	-	-	-	7,594,848
Debt services	-	-	-	-	-	-	36,902,131
Nonprogrammed charges	-	-	-	-	-	427,762	427,762
Interfund loans	-	-	-	-	-	-	23,400,000
Total disbursements	<u>73,110</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>62,763</u>	<u>427,762</u>	<u>222,205,368</u>
Excess (deficiency) of receipts over disbursements	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,141</u>	<u>45,995</u>	<u>(6,954,608)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	3,596,925
Sale of capital assets	-	-	-	-	-	-	269
Transfers in	-	-	-	-	-	-	1,039,646
Transfers out	-	-	-	-	-	-	(1,039,646)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,597,194</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,141</u>	<u>45,995</u>	<u>(3,357,414)</u>
Cash and investments - ending	<u>\$ (1,607)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 253,668</u>	<u>\$ 36,332,086</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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

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

Report on Compliance for Each Major Federal Program

We have audited the Hamilton Southeastern Schools' (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2011 to June 30, 2013.

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

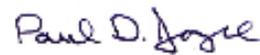
Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 21, 2014

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	FY 2012 FY 2013	\$ 119,401 -	\$ - 119,626
Total - School Breakfast Program				<u>119,401</u>	<u>119,626</u>
National School Lunch Program	Indiana Department of Education	10.555	FY 2012 FY 2013	1,846,508 -	- 2,119,940
Total - National School Lunch Program				<u>1,846,508</u>	<u>2,119,940</u>
Total - Child Nutrition Cluster				<u>1,965,909</u>	<u>2,239,566</u>
Team Nutrition Grants	Indiana Department of Education	10.574	A58-1-11SF-011	1,600	-
Total - Department of Agriculture				<u>1,967,509</u>	<u>2,239,566</u>
DEPARTMENT OF EDUCATION					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	2010/2011 2011/2012 2012/2013	30,220 304,880 -	- 72,676 370,933
Total - Title I, Part A Cluster				<u>335,100</u>	<u>443,609</u>
Special Education Cluster (IDEA)					
Special Education - Grants to States	Hamilton-Boone-Madison Special Services Cooperative	84.027	2010/2011 2011/2012 2012/2013	16,324 654,480 -	- 9,720 -
Special Education - Grants to States	Indiana Department of Education	84.027	2012/2013 2012	- -	2,451,605 69,939
Total - Special Education - Grants to States				<u>670,804</u>	<u>2,531,264</u>
Special Education - Preschool Grants	Hamilton-Boone-Madison Special Services Cooperative	84.173	2011/2012 2012/2013	- -	29,863 -
Special Education - Preschool Grants	Indiana Department of Education	84.173	2011/2012 2012/2013	- -	- 76,693
Total - Special Education - Preschool Grants				<u>-</u>	<u>106,556</u>

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

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013
(Continued)

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>DEPARTMENT OF EDUCATION (continued)</u>					
Special Education Cluster (IDEA) (continued)					
ARRA - Special Education - Grants to States, Recovery Act	Hamilton-Boone-Madison Special Services Cooperative	84.391	33310-025-SN01	233,790	-
ARRA - Special Education - Preschool Grants, Recovery Act	Hamilton-Boone-Madison Special Services Cooperative	84.392	44410-025-SN01	9,825	-
Total - Special Education Cluster (IDEA)				<u>914,419</u>	<u>2,637,820</u>
Career and Technical Education - Basic Grants to States					
	Indiana Department of Workforce Development J. Everett Light Career Center	84.048	TP-10-271 11-6200-5370 13-4700-5370	808 29,182 -	- - 7,655
Total - Career and Technical Education - Basic Grants to States				<u>29,990</u>	<u>7,655</u>
Safe and Drug Free Schools and Communities - State Grants					
	Indiana Department of Education	84.186	3005-09	18,363	-
English Language Acquisition Grants					
	Indiana Department of Education	84.365	2011/2012 2012/2013	60,190 -	7,019 67,421
Total - English Language Acquisition Grants				<u>60,190</u>	<u>74,440</u>
Improving Teacher Quality State Grants					
	Indiana Department of Education	84.367	9-3005 10-3005 11-3005	14,193 171,726 7,806	- 2,495 119,440
Total - Improving Teacher Quality State Grants				<u>193,725</u>	<u>121,935</u>
Education Jobs Fund					
	Indiana Department of Education	84.410	3005	3,066,555	69,904
Total - Department of Education				<u>4,618,342</u>	<u>3,355,363</u>
Total federal awards expended				<u>\$ 6,585,851</u>	<u>\$ 5,594,929</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

Note 1. 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 cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2012 and 2013. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2012	2013
School Breakfast Program	10.553	\$ 27,759	\$ 26,190
National School Lunch Program	10.555	429,283	464,124

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.410	Child Nutrition Cluster Education Jobs Fund

Dollar threshold used to distinguish between Type A and Type B programs: \$365,423

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

HAMILTON SOUTHEASTERN SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2014, with Michael A. Reuter, Treasurer; Cecilie Nunn, Deputy Treasurer/Business Manager; Dr. Brian Smith, Superintendent of Schools; John DeLucia, President of the School Board; and Nancy Cooke, Accounting Supervisor.