

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, 2013 to June 30, 2015



FILED
07/28/2017

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Michael Reuter	07-01-13 to 06-30-18
Superintendent of Schools	Dr. Allen Bourff	07-01-13 to 06-30-18
President of the School Board	Diane Eaton John Delucia Karen Harmer Matthew Burke	01-01-13 to 12-31-13 01-01-14 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17



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STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by 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.

Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated May 17, 2017, 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.


Paul D. Joyce, CPA
State Examiner

May 17, 2017



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, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated May 17, 2017, 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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 from 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

May 17, 2017

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

HAMILTON SOUTHEASTERN SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 2,995,094	\$ 113,276,672	\$ 113,185,971	\$ 1,317,905	\$ 4,403,700	\$ 116,381,957	\$ 113,998,571	\$ 1,143,463	\$ 7,930,549
Referendum Tax Levy	2,919,513	8,871,900	9,059,318	-	2,732,095	9,368,804	8,482,163	-	3,618,736
Debt Service	2,214,995	36,474,775	37,370,758	-	1,319,012	38,046,259	30,212,208	-	9,153,063
Retirement/Severance Bond Debt Service	272,252	582,199	485,923	-	368,528	472,500	585,487	-	255,541
Referendum Debt Exempt Capital	562,379	2,105,773	2,149,999	-	518,153	3,048,783	2,350,000	-	1,216,936
Capital Projects	9,838,026	19,091,250	19,228,384	(1,000,000)	8,700,892	18,843,345	15,776,626	(1,000,000)	10,767,611
School Transportation	7,036,099	13,820,966	14,762,059	-	6,095,006	13,942,824	14,181,460	-	5,856,370
School Bus Replacement	1,267,444	4,305,471	4,391,195	-	1,181,720	2,162,324	2,099,999	-	1,244,045
Rainy Day	849,707	11,500,000	9,651,748	-	2,697,959	10,227,745	11,546,761	1,000,000	2,378,943
Retirement/Severance Bond	50,000	-	50,000	-	-	-	-	-	-
Post-Retirement/Severance Future Benefits	150,849	50,040	200,889	-	-	-	-	-	-
Construction	7,472	-	-	-	7,472	-	-	-	7,472
Construction Fund - HSE HS	328,612	-	1	-	328,611	-	-	-	328,611
Const - FCE Café/Security	3,596,925	685	2,276,806	-	1,320,804	-	323,659	-	997,145
IPad Initiative-Phase 1	-	-	790,900	1,998,000	1,207,100	-	1,155,983	-	51,117
IPad Initiative-Phase 2	-	-	-	-	-	-	1,629,126	2,000,000	370,874
School Lunch	2,574,100	8,470,846	8,757,423	-	2,287,523	8,828,189	8,919,658	-	2,196,054
Textbook Rental	448,756	1,709,752	381,935	(300,272)	1,476,301	1,875,720	489,635	-	2,862,386
Self-Insurance	380,994	1,224,956	1,155,235	-	450,715	1,205,782	1,227,811	-	428,686
Levy Excess	-	-	-	-	-	1,220	-	-	1,220
Gifts and Donations	383,424	295,187	333,043	-	345,568	256,193	179,303	-	422,458
STEM-Gifts & Donations	-	16,991	54,309	-	(37,318)	134,789	133,791	-	(36,320)
High Ability 2013-2014	-	136,674	104,490	-	32,184	-	32,184	-	-
High Ability 2014-2015	-	-	-	-	-	154,329	98,409	-	55,920
HA Making A Difference-14	-	-	-	-	-	19,276	19,276	-	-
High Ability 2012-2013	32,969	-	32,969	-	-	-	-	-	-

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

HAMILTON SOUTHEASTERN SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2014 and 2015
(Continued)

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
Step Ahead - IRead	1,244	-	-	-	1,244	-	-	-	1,244
Secured Schools Safety Grant	-	-	45,348	-	(45,348)	50,000	53,008	-	(48,356)
Non-English Speaking Programs P.L. 273-1999	519	47,290	46,691	-	1,118	50,660	51,778	-	-
School Technology	172,848	158,636	87,986	-	243,498	123,263	166,743	-	200,018
Coca Cola Fund	222,408	140,515	67,432	-	295,491	151,728	129,198	-	318,021
Senator David Ford Technology	-	-	6,225	-	(6,225)	47,419	91,389	-	(50,195)
Title I 2012/2013	(15,786)	71,609	55,823	-	-	-	-	-	-
Title I 2013/2014	-	373,231	376,916	-	(3,685)	72,899	63,512	(5,702)	-
Title I 2014/2015	-	-	-	-	-	346,752	364,485	5,702	(12,031)
Federal Pre-School (619)	(4,808)	3,591	(1,217)	-	-	-	-	-	-
Federal Pre-School 13-14	-	64,613	69,750	-	(5,137)	12,227	7,090	-	-
Federal Pre-School 2014-2015	-	-	-	-	-	75,775	75,775	-	-
Federal Grant Part B	(201,863)	617,899	416,036	-	-	-	-	-	-
Federal Grant Sp Ed 13-14	-	2,602,782	2,771,165	-	(168,383)	514,680	346,297	-	-
Federal Sp Ed Part B 14-15	-	-	-	-	-	2,704,150	2,858,299	-	(154,149)
Sp Ed Tech Assist Grant	-	17,680	17,680	-	-	35,816	35,888	-	(72)
Improving Teaching Quality, No Child Left, Title II, Part A	(4,147)	85,498	83,328	-	(1,977)	88,637	86,660	-	-
Title II Part A 2013-2015	-	-	-	-	-	97,148	99,067	-	(1,919)
Title III - Language Instruction	(1,607)	60,454	60,665	-	(1,818)	19,068	17,250	-	-
Title III Supplemental PD	-	-	-	-	-	9,962	9,962	-	-
Title III Alt Yr	-	-	-	-	-	77,703	79,729	-	(2,026)
Title III Supplement WIDA	-	-	-	-	-	1,923	1,923	-	-
Lunch Prepaid Clearing	253,668	574,306	531,362	-	296,612	522,918	498,077	-	321,453
Totals	\$ 36,332,086	\$ 226,752,241	\$ 229,058,545	\$ 2,015,633	\$ 36,041,415	\$ 229,972,767	\$ 218,478,240	\$ 3,143,463	\$ 50,679,405

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some disbursements which appear as negative entries. This is a result of the correction of errors from prior periods. The errors made in the prior period were corrected by reversing the original entry. Since the original entry and the correction were made in separate periods, a negative disbursement was shown in the current period.

Note 8. 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, 2014 and 2015.

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporations

The School Corporation has entered into various capital leases with Hamilton Southeastern Consolidated School Building Corporation (the lessor). The lessor was organized as a private not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2014 and 2015 totaled \$34,867,000 and \$27,462,500, respectively.

Note 10. 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 24, 2016 to June 30, 2017.
2. Capital Leases - Subsequent to June 30, 2015, the Hamilton Southeastern Consolidated School Building Corporation (Building Corporation) issued refunding bonds in the amount of \$34,085,000. The purposes of these bonds were to refund outstanding Building Corporation bonds.
3. General Obligation Bonds - Subsequent to June 30, 2015, the School Corporation issued two series of General Obligation Bonds in 2016, 2016 General Obligation Bonds in the amount of \$10,000,000 and 2016B General Obligation Bonds in the amount of \$5,500,000, for facility updates and technology.

Note 11. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefits: a maximum of \$850 per year per eligible retiree for postemployment benefits. Disbursements for these postemployment benefits are deposited to individual VEBA (Voluntary Employees' Beneficiary Association) accounts annually. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

HAMILTON SOUTHEASTERN SCHOOLS
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 2,995,094	\$ 2,919,513	\$ 2,214,995	\$ 272,252	\$ 562,379	\$ 9,838,026	\$ 7,036,099	\$ 1,267,444	\$ 849,707	\$ 50,000
Receipts:										
Local sources	1,487,475	6,471,900	33,627,447	382,199	2,105,773	15,591,250	11,820,966	2,205,471	-	-
State sources	109,077,500	-	-	-	-	-	-	-	-	-
Federal sources	11,697	-	47,328	-	-	-	-	-	-	-
Interfund loans	2,700,000	2,400,000	2,800,000	200,000	-	3,500,000	2,000,000	2,100,000	11,500,000	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	113,276,672	8,871,900	36,474,775	582,199	2,105,773	19,091,250	13,820,966	4,305,471	11,500,000	-
Disbursements:										
Instruction	85,674,334	-	-	-	-	-	-	-	-	-
Support services	24,857,260	6,359,318	-	-	-	10,069,485	12,262,059	2,091,195	251,748	50,000
Noninstructional services	654,377	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	4,658,899	-	-	-	-
Debt service	-	-	33,870,758	385,923	1,949,999	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	2,000,000	2,700,000	3,500,000	100,000	200,000	4,500,000	2,500,000	2,300,000	9,400,000	-
Total disbursements	113,185,971	9,059,318	37,370,758	485,923	2,149,999	19,228,384	14,762,059	4,391,195	9,651,748	50,000
Excess (deficiency) of receipts over disbursements	90,701	(187,418)	(895,983)	96,276	(44,226)	(137,134)	(941,093)	(85,724)	1,848,252	(50,000)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	17,633	-	-	-	-	-	-	-	-	-
Transfers in	1,300,272	-	-	-	-	-	-	-	1,000,000	-
Transfers out	-	-	-	-	-	(1,000,000)	-	-	(1,000,000)	-
Total other financing sources (uses)	1,317,905	-	-	-	-	(1,000,000)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,408,606	(187,418)	(895,983)	96,276	(44,226)	(1,137,134)	(941,093)	(85,724)	1,848,252	(50,000)
Cash and investments - ending	\$ 4,403,700	\$ 2,732,095	\$ 1,319,012	\$ 368,528	\$ 518,153	\$ 8,700,892	\$ 6,095,006	\$ 1,181,720	\$ 2,697,959	\$ -

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, 2014
 (Continued)

	Post- Retirement/ Severance Future Benefits	Construction	Construction Fund - HSE HS	Const - FCE Café/ Security	IPad Initiative- Phase 1	IPad Initiative- Phase 2	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ 150,849	\$ 7,472	\$ 328,612	\$ 3,596,925	\$ -	\$ -	\$ 2,574,100	\$ 448,756	\$ 380,994	\$ -
Receipts:										
Local sources	50,040	-	-	685	-	-	6,533,302	1,501,082	1,224,956	-
State sources	-	-	-	-	-	-	141,429	208,670	-	-
Federal sources	-	-	-	-	-	-	1,796,115	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	50,040	-	-	685	-	-	8,470,846	1,709,752	1,224,956	-
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	200,889	-	-	47,041	790,900	-	766,875	381,935	1,155,235	-
Noninstructional services	-	-	-	-	-	-	7,893,251	-	-	-
Facilities acquisition and construction	-	-	-	2,229,765	-	-	97,297	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	200,889	-	1	2,276,806	790,900	-	8,757,423	381,935	1,155,235	-
Excess (deficiency) of receipts over disbursements	(150,849)	-	(1)	(2,276,121)	(790,900)	-	(286,577)	1,327,817	69,721	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	1,998,000	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(300,272)	-	-
Total other financing sources (uses)	-	-	-	-	1,998,000	-	-	(300,272)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(150,849)	-	(1)	(2,276,121)	1,207,100	-	(286,577)	1,027,545	69,721	-
Cash and investments - ending	\$ -	\$ 7,472	\$ 328,611	\$ 1,320,804	\$ 1,207,100	\$ -	\$ 2,287,523	\$ 1,476,301	\$ 450,715	\$ -

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, 2014
 (Continued)

	Gifts and Donations	STEM- Gifts & Donations	High Ability 2013-2014	High Ability 2014-2015	HA Making A Difference-14	High Ability 2012-2013	Step Ahead - IRead	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 383,424	\$ -	\$ -	\$ -	\$ -	\$ 32,969	\$ 1,244	\$ -	\$ 519	\$ 172,848
Receipts:										
Local sources	295,187	16,991	-	-	-	-	-	-	-	158,636
State sources	-	-	136,674	-	-	-	-	-	47,290	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	295,187	16,991	136,674	-	-	-	-	-	47,290	158,636
Disbursements:										
Instruction	34,657	-	50,841	-	-	27,745	-	-	46,172	-
Support services	232,230	54,309	53,649	-	-	5,224	-	45,348	519	-
Noninstructional services	3,641	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	62,515	-	-	-	-	-	-	-	-	87,986
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	333,043	54,309	104,490	-	-	32,969	-	45,348	46,691	87,986
Excess (deficiency) of receipts over disbursements	(37,856)	(37,318)	32,184	-	-	(32,969)	-	(45,348)	599	70,650
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	(37,856)	(37,318)	32,184	-	-	(32,969)	-	(45,348)	599	70,650
Cash and investments - ending	\$ 345,568	\$ (37,318)	\$ 32,184	\$ -	\$ -	\$ -	\$ 1,244	\$ (45,348)	\$ 1,118	\$ 243,498

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, 2014
 (Continued)

	Coca Cola Fund	Senator David Ford Technology	Title I 2012/2013	Title I 2013/2014	Title I 2014/2015	Federal Pre-School (619)	Federal Pre-School 13-14	Federal Pre-School 2014-2015	Federal Grant Part B	Federal Grant Sp Ed 13-14
Cash and investments - beginning	\$ 222,408	\$ -	\$ (15,786)	\$ -	\$ -	\$ (4,808)	\$ -	\$ -	\$ (201,863)	\$ -
Receipts:										
Local sources	140,515	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	71,609	373,231	-	3,591	64,613	-	617,899	2,602,782
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	140,515	-	71,609	373,231	-	3,591	64,613	-	617,899	2,602,782
Disbursements:										
Instruction	27,486	-	39,129	376,586	-	(1,217)	69,750	-	390,566	2,763,543
Support services	39,946	6,225	15,390	330	-	-	-	-	25,470	7,622
Noninstructional services	-	-	1,304	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	67,432	6,225	55,823	376,916	-	(1,217)	69,750	-	416,036	2,771,165
Excess (deficiency) of receipts over disbursements	73,083	(6,225)	15,786	(3,685)	-	4,808	(5,137)	-	201,863	(168,383)
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	73,083	(6,225)	15,786	(3,685)	-	4,808	(5,137)	-	201,863	(168,383)
Cash and investments - ending	\$ 295,491	\$ (6,225)	\$ -	\$ (3,685)	\$ -	\$ -	\$ (5,137)	\$ -	\$ -	\$ (168,383)

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, 2014
 (Continued)

	Federal Sp Ed Part B 14-15	Sp Ed Tech Assist Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 2013-2015	Title III - Language Instruction	Title III Supplemental PD	Title III Alt Yr	Title III Supplement WIDA	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (4,147)	\$ -	\$ (1,607)	\$ -	\$ -	\$ -	\$ 253,668	\$ 36,332,086
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	83,613,875
State sources	-	-	-	-	-	-	-	-	-	109,611,563
Federal sources	-	17,680	85,498	-	60,454	-	-	-	-	5,752,497
Interfund loans	-	-	-	-	-	-	-	-	-	27,200,000
Other receipts	-	-	-	-	-	-	-	-	574,306	574,306
Total receipts	-	17,680	85,498	-	60,454	-	-	-	574,306	226,752,241
Disbursements:										
Instruction	-	17,680	-	-	59,074	-	-	-	-	89,576,346
Support services	-	-	83,328	-	1,591	-	-	-	-	59,855,121
Noninstructional services	-	-	-	-	-	-	-	-	-	8,552,573
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	7,136,462
Debt service	-	-	-	-	-	-	-	-	-	36,206,680
Nonprogrammed charges	-	-	-	-	-	-	-	-	531,362	531,363
Interfund loans	-	-	-	-	-	-	-	-	-	27,200,000
Total disbursements	-	17,680	83,328	-	60,665	-	-	-	531,362	229,058,545
Excess (deficiency) of receipts over disbursements	-	-	2,170	-	(211)	-	-	-	42,944	(2,306,304)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	1,998,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	17,633
Transfers in	-	-	-	-	-	-	-	-	-	2,300,272
Transfers out	-	-	-	-	-	-	-	-	-	(2,300,272)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	2,015,633
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,170	-	(211)	-	-	-	42,944	(290,671)
Cash and investments - ending	\$ -	\$ -	\$ (1,977)	\$ -	\$ (1,818)	\$ -	\$ -	\$ -	\$ 296,612	\$ 36,041,415

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, 2015

	General	Referendum Tax Levy	Debt Service	Retirement/ Severance Bond Debt Service	Referendum Debt Exempt Capital	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 4,403,700	\$ 2,732,095	\$ 1,319,012	\$ 368,528	\$ 518,153	\$ 8,700,892	\$ 6,095,006	\$ 1,181,720	\$ 2,697,959	\$ -
Receipts:										
Local sources	1,784,095	6,868,804	34,498,982	322,500	3,048,783	13,751,026	11,692,824	2,162,324	827,745	-
State sources	112,847,862	-	-	-	-	-	-	-	-	-
Federal sources	-	-	47,277	-	-	92,319	-	-	-	-
Interfund loans	1,750,000	2,500,000	3,500,000	150,000	-	5,000,000	2,250,000	-	9,400,000	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	116,381,957	9,368,804	38,046,259	472,500	3,048,783	18,843,345	13,942,824	2,162,324	10,227,745	-
Disbursements:										
Instruction	86,235,294	-	-	-	-	-	-	-	-	-
Support services	24,389,476	6,082,163	-	-	-	8,749,254	12,181,460	(1)	2,896,761	-
Noninstructional services	662,908	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	10,893	-	-	-	-	3,527,372	-	-	-	-
Debt service	-	-	27,212,208	385,487	2,350,000	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	2,700,000	2,400,000	3,000,000	200,000	-	3,500,000	2,000,000	2,100,000	8,650,000	-
Total disbursements	113,998,571	8,482,163	30,212,208	585,487	2,350,000	15,776,626	14,181,460	2,099,999	11,546,761	-
Excess (deficiency) of receipts over disbursements	2,383,386	886,641	7,834,051	(112,987)	698,783	3,066,719	(238,636)	62,325	(1,319,016)	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	1,143,463	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	1,000,000	-
Transfers out	-	-	-	-	-	(1,000,000)	-	-	-	-
Total other financing sources (uses)	1,143,463	-	-	-	-	(1,000,000)	-	-	1,000,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,526,849	886,641	7,834,051	(112,987)	698,783	2,066,719	(238,636)	62,325	(319,016)	-
Cash and investments - ending	\$ 7,930,549	\$ 3,618,736	\$ 9,153,063	\$ 255,541	\$ 1,216,936	\$ 10,767,611	\$ 5,856,370	\$ 1,244,045	\$ 2,378,943	\$ -

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, 2015
 (Continued)

	Post- Retirement/ Severance Future Benefits	Construction	Construction Fund - HSE HS	Const - FCE Café/ Security	IPad Initiative- Phase 1	IPad Initiative- Phase 2	School Lunch	Textbook Rental	Self- Insurance	Levy Excess
Cash and investments - beginning	\$ -	\$ 7,472	\$ 328,611	\$ 1,320,804	\$ 1,207,100	\$ -	\$ 2,287,523	\$ 1,476,301	\$ 450,715	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	6,797,188	1,659,949	1,205,782	1,220
State sources	-	-	-	-	-	-	152,038	215,771	-	-
Federal sources	-	-	-	-	-	-	1,878,963	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	8,828,189	1,875,720	1,205,782	1,220
Disbursements:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	-	-	-	2,400	1,155,983	1,629,126	664,168	489,635	1,227,811	-
Noninstructional services	-	-	-	-	-	-	8,201,255	-	-	-
Facilities acquisition and construction	-	-	-	321,259	-	-	54,235	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	323,659	1,155,983	1,629,126	8,919,658	489,635	1,227,811	-
Excess (deficiency) of receipts over disbursements	-	-	-	(323,659)	(1,155,983)	(1,629,126)	(91,469)	1,386,085	(22,029)	1,220
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	2,000,000	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	2,000,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(323,659)	(1,155,983)	370,874	(91,469)	1,386,085	(22,029)	1,220
Cash and investments - ending	\$ -	\$ 7,472	\$ 328,611	\$ 997,145	\$ 51,117	\$ 370,874	\$ 2,196,054	\$ 2,862,386	\$ 428,686	\$ 1,220

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, 2015
 (Continued)

	Gifts and Donations	STEM- Gifts & Donations	High Ability 2013-2014	High Ability 2014-2015	HA Making A Difference-14	High Ability 2012-2013	Step Ahead - IRead	Secured Schools Safety Grant	Non-English Speaking Programs P.L. 273-1999	School Technology
Cash and investments - beginning	\$ 345,568	\$ (37,318)	\$ 32,184	\$ -	\$ -	\$ -	\$ 1,244	\$ (45,348)	\$ 1,118	\$ 243,498
Receipts:										
Local sources	256,193	134,789	-	-	-	-	-	-	-	123,263
State sources	-	-	-	154,329	19,276	-	-	50,000	50,660	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	256,193	134,789	-	154,329	19,276	-	-	50,000	50,660	123,263
Disbursements:										
Instruction	37,138	-	20,451	55,739	19,276	-	-	-	50,130	-
Support services	129,553	133,791	11,733	42,670	-	-	-	53,008	1,648	-
Noninstructional services	250	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	12,362	-	-	-	-	-	-	-	-	166,743
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	179,303	133,791	32,184	98,409	19,276	-	-	53,008	51,778	166,743
Excess (deficiency) of receipts over disbursements	76,890	998	(32,184)	55,920	-	-	-	(3,008)	(1,118)	(43,480)
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	76,890	998	(32,184)	55,920	-	-	-	(3,008)	(1,118)	(43,480)
Cash and investments - ending	\$ 422,458	\$ (36,320)	\$ -	\$ 55,920	\$ -	\$ -	\$ 1,244	\$ (48,356)	\$ -	\$ 200,018

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, 2015
 (Continued)

	Coca Cola Fund	Senator David Ford Technology	Title I 2012/2013	Title I 2013/2014	Title I 2014/2015	Federal Pre-School (619)	Federal Pre-School 13-14	Federal Pre-School 2014-2015	Federal Grant Part B	Federal Grant Sp Ed 13-14
Cash and investments - beginning	\$ 295,491	\$ (6,225)	\$ -	\$ (3,685)	\$ -	\$ -	\$ (5,137)	\$ -	\$ -	\$ (168,383)
Receipts:										
Local sources	151,728	-	-	-	-	-	-	-	-	-
State sources	-	47,419	-	-	-	-	-	-	-	-
Federal sources	-	-	-	72,899	346,752	-	12,227	75,775	-	514,680
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	151,728	47,419	-	72,899	346,752	-	12,227	75,775	-	514,680
Disbursements:										
Instruction	40,196	-	-	31,615	364,485	-	7,090	75,775	-	339,430
Support services	39,032	91,389	-	31,897	-	-	-	-	-	6,867
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	49,970	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	129,198	91,389	-	63,512	364,485	-	7,090	75,775	-	346,297
Excess (deficiency) of receipts over disbursements	22,530	(43,970)	-	9,387	(17,733)	-	5,137	-	-	168,383
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	5,702	-	-	-	-	-
Transfers out	-	-	-	(5,702)	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	(5,702)	5,702	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,530	(43,970)	-	3,685	(12,031)	-	5,137	-	-	168,383
Cash and investments - ending	\$ 318,021	\$ (50,195)	\$ -	\$ -	\$ (12,031)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015
 (Continued)

	Federal Sp Ed Part B 14-15	Sp Ed Tech Assist Grant	Improving Teaching Quality, No Child Left, Title II, Part A	Title II Part A 2013-2015	Title III - Language Instruction	Title III Supplemental PD	Title III Alt Yr	Title III Supplement WIDA	Lunch Prepaid Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (1,977)	\$ -	\$ (1,818)	\$ -	\$ -	\$ -	\$ 296,612	\$ 36,041,415
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	85,287,195
State sources	-	-	-	-	-	-	-	-	-	113,537,355
Federal sources	2,704,150	35,816	88,637	97,148	19,068	9,962	77,703	1,923	-	6,075,299
Interfund loans	-	-	-	-	-	-	-	-	-	24,550,000
Other receipts	-	-	-	-	-	-	-	-	522,918	522,918
Total receipts	<u>2,704,150</u>	<u>35,816</u>	<u>88,637</u>	<u>97,148</u>	<u>19,068</u>	<u>9,962</u>	<u>77,703</u>	<u>1,923</u>	<u>522,918</u>	<u>229,972,767</u>
Disbursements:										
Instruction	2,855,173	35,888	-	-	17,250	-	75,683	-	-	90,260,613
Support services	3,126	-	86,660	99,067	-	9,962	4,046	1,923	-	60,214,608
Noninstructional services	-	-	-	-	-	-	-	-	-	8,864,413
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	4,142,834
Debt service	-	-	-	-	-	-	-	-	-	29,947,695
Nonprogrammed charges	-	-	-	-	-	-	-	-	498,077	498,077
Interfund loans	-	-	-	-	-	-	-	-	-	24,550,000
Total disbursements	<u>2,858,299</u>	<u>35,888</u>	<u>86,660</u>	<u>99,067</u>	<u>17,250</u>	<u>9,962</u>	<u>79,729</u>	<u>1,923</u>	<u>498,077</u>	<u>218,478,240</u>
Excess (deficiency) of receipts over disbursements	<u>(154,149)</u>	<u>(72)</u>	<u>1,977</u>	<u>(1,919)</u>	<u>1,818</u>	<u>-</u>	<u>(2,026)</u>	<u>-</u>	<u>24,841</u>	<u>11,494,527</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-	1,143,463
Transfers in	-	-	-	-	-	-	-	-	-	1,005,702
Transfers out	-	-	-	-	-	-	-	-	-	(1,005,702)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,143,463</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(154,149)</u>	<u>(72)</u>	<u>1,977</u>	<u>(1,919)</u>	<u>1,818</u>	<u>-</u>	<u>(2,026)</u>	<u>-</u>	<u>24,841</u>	<u>14,637,990</u>
Cash and investments - ending	<u>\$ (154,149)</u>	<u>\$ (72)</u>	<u>\$ -</u>	<u>\$ (1,919)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,026)</u>	<u>\$ -</u>	<u>\$ 321,453</u>	<u>\$ 50,679,405</u>

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HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 5,776,490</u>	<u>\$ -</u>

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Bonds Series 2009	\$ 1,200,000	1/15/2010	7/15/2028
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds Series 2007	4,462,000	1/15/2012	1/15/2023
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding bonds Series 2008	2,410,000	1/10/2012	1/10/2017
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds 2015A	538,000	7/15/2015	7/15/2026
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds 2015B	1,536,000	7/15/2015	1/15/2028
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds Series 2013	3,584,000	7/15/2013	1/15/2021
Hamilton Southeastern Consolidated School Building Corporation	Unlimited Ad Valorem Property Tax First Mortgage Bonds Series 2014A	1,030,000	7/15/2014	1/15/2034
Hamilton Southeastern Consolidated School Building Corporation	Unlimited Ad Valorem Property Tax First Mortgage Bonds Series 2014B	1,020,000	7/15/2014	1/15/2034
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Bonds 2011	3,480,000	7/15/2011	1/15/2031
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Bonds 2015F	1,010,000	7/15/2016	1/15/2034
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Bonds 2015G	820,000	7/15/2016	1/15/2034
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds 2015C	2,150,000	7/15/2015	1/15/2029
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds 2015D	7,570,000	7/15/2015	1/15/2024
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds 2015E	1,110,000	7/15/2015	1/15/2021
Hamilton Southeastern Consolidated School Building Corporation	First Mortgage Refunding Bonds Series 2012A	2,997,000	7/15/2012	7/15/2024
Hamilton Southeastern Consolidated School Building Corporation	Ad Valorem Property Tax First Mortgage Ref Bonds Series 2012B	<u>2,814,000</u>	1/15/2013	1/15/2026
Total governmental activities		<u>37,731,000</u>		
Total of annual lease payments		<u>\$ 37,731,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Pension Bonds	\$ 2,736,551	\$ 244,857
General obligation bonds	School Bonds	8,160,000	2,457,072
General obligation bonds	Qualified School Construction Bonds	<u>1,200,000</u>	<u>51,000</u>
Total governmental activities		<u>12,096,551</u>	<u>2,752,929</u>
Totals		<u>\$ 12,096,551</u>	<u>\$ 2,752,929</u>

HAMILTON SOUTHEASTERN SCHOOLS
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2015

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.

	Ending Balance
Governmental activities:	
Land	\$ 19,060,144
Buildings	503,544,724
Machinery, equipment, and vehicles	41,080,775
Total governmental activities	563,685,643
Total capital assets	\$ 563,685,643

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

Telephone: (317) 232-2513
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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, 2013 to June 30, 2015. 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, 2013 to June 30, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance


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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be a material weakness.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as item 2015-001 to be a material weakness.

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

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


Paul D. Joyce, CPA
State Examiner

May 17, 2017

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2014 and 2015

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	Pass-Through To Subrecipient 06-30-14	Total Federal Awards Expended 06-30-14	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15
U.S. Department of Agriculture							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
			FY 2014	\$ -	\$ 141,153	\$ -	\$ -
			FY 2015	-	-	-	171,137
Total - School Breakfast Program				-	141,153	-	171,137
National School Lunch Program	Indiana Department of Education	10.555					
			FY 2014	-	2,125,905	-	-
			FY 2015	-	-	-	2,230,209
Total - National School Lunch Program				-	2,125,905	-	2,230,209
Total - Child Nutrition Cluster				-	2,267,058	-	2,401,346
Total - U.S. Department of Agriculture				-	2,267,058	-	2,401,346
U.S. Department of Education							
Special Education Cluster (IDEA)							
Special Education_Grants to States							
	Indiana Department of Education	84.027					
Special Education Part B FY 2012			14212-025-PN01	-	11,697	-	-
Special Education Part B FY 2013			14213-130-PN01	-	617,899	-	-
Special Education Part B FY 2014			14214-130-PN01	-	2,602,782	-	514,680
Special Education Part B FY 2015			14215-130-PN01	-	-	-	2,704,150
Special Education Technical Assistance FY 2014			99914-130-TA01	-	17,680	-	35,816
Total - Special Education_Grants to States				-	3,250,058	-	3,254,646
Special Education_Preschool Grants							
		84.173					
Special Education Preschool FY 2013			45713-130-PN01	-	3,591	-	-
Special Education Preschool FY 2014			45714-130-PN01	-	64,613	-	12,227
Special Education Preschool FY2015			45715-130-PN01	-	-	-	75,775
Total - Special Education_Preschool Grants				-	68,204	-	88,002
Total - Special Education Cluster (IDEA)				-	3,318,262	-	3,342,648
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010					
Title I 2012-2013			13-3005	-	71,609	-	-
Title I 2013-2014			14-3005	-	373,231	-	72,899
Title I 2014-2015			15-3005	-	-	-	346,752
Total - Title I Grants to Local Educational Agencies				-	444,840	-	419,651
English Language Acquisition State Grants							
	Indiana Department of Education	84.365					
Title III			01113-023-PN01	-	5,550	-	-
Title III Supplemental WIDA			01113-321-PN01	-	-	-	1,923
Title III 2013-2015			01114-030-PN01	-	54,904	-	19,068
Title III Supplemental PD			A58-4-14OT-2064	-	-	-	9,962
Title III 2014-2016			01115-026-PN01	-	-	-	77,703
Total - English Language Acquisition State Grants				-	60,454	-	108,656
Improving Teacher Quality State Grants							
	Indiana Department of Education	84.367					
Title II Part A FY 2011			11-3005	-	17,580	-	-
Title II Part A FY 2012			12-3005	-	67,918	-	88,637
Title II Part A FY 2013			13-3005	-	-	-	97,148
Total - Improving Teacher Quality State Grants				-	85,498	-	185,785
Total - U.S. Department of Education				-	3,909,054	-	4,056,740
Total federal awards expended				\$ -	\$ 6,176,112	\$ -	\$ 6,458,086

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

HAMILTON SOUTHEASTERN SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2014 and 2015. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

HAMILTON SOUTHEASTERN SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weakness identified?	yes
Significant deficiency identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified for all major programs
Any audit finding disclosed that is required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Educational Agencies Special Education Cluster (IDEA)

Dollar threshold used to distinguish between Type A and Type B programs: \$379,026

Auditee qualified as low-risk auditee?	no
--	----

Section II - Financial Statement Findings

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-001 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-025-PN01, 14213-130-PN01,
14214-130-PN01, 14215-130-PN01,
45713-130-PN01, 45714-130-PN01,
45715-130-PN01, 99914-130-TA01

Pass-Through Entity: Indiana Department of Education

Condition

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

Semi-Annual Certifications were not maintained by the School Corporation for employees who worked solely on the Special Education programs for the 2013-2014 and 2014-2015 school years.

Context

There were no controls in place at the School Corporation to ensure that Semi-Annual Certifications were maintained. This issue was systemic throughout the audit period.

Criteria

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

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

OMB Circular A-87, Attachment B, 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee."

Cause

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

Effect

The failure to establish internal controls enabled material noncompliance to go undetected which could have resulted in the loss of federal funds to the School Corporation.

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

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

Views of Responsible Officials

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

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AUDITEE-PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.



CORRECTIVE ACTION PLAN

FINDING 2015-001 (Auditor Assigned Reference Number)
Contact Person Responsible for Corrective Action: Michael A. Reuter
Contact Phone Number: 317-594-4100

We concur with the finding.

Description of Corrective Action Plan:

On November 30, 2015, our Director of the Department of Exceptional Learners, Tom Bell, was notified from an audit response by INDOE, performed by Crowe Horwath, LLP, that our Semi-Annual Certifications were not being completed for fully funded employees. At the time the district was not aware of this requirement. The district **was** asked to complete the Semi-Annual Activity Report for Employees Working on a Single Cost Objective for School Year 2015-2016 for July 2015 through December 2015, which was compiled and submitted to Maxwell Walton with Crowe Horwath, LLP, on January 5, 2016.

Anticipated Completion Date:

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

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



(Signature)

CFO

(Title)

5-17-17

(Date)

OTHER REPORTS

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