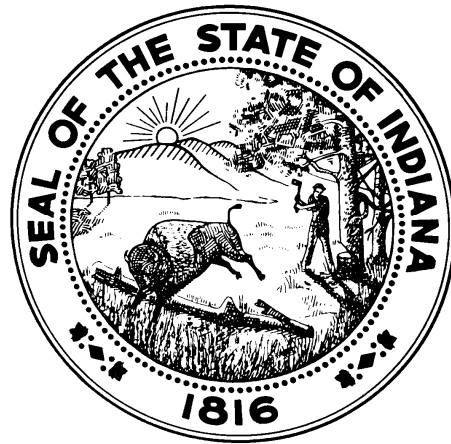


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
HAMILTON COMMUNITY SCHOOLS
STEUBEN COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/16/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shannon Johnson Kelley Kitchen	07-01-06 to 08-11-08 08-12-08 to 06-30-09
Superintendent of Schools	Mark Gould	07-01-06 to 06-30-09
President of the School Board	Jeremy Hill Scott Lucas	07-01-06 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE HAMILTON COMMUNITY SCHOOLS, STEUBEN COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 25, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009



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

TO: THE OFFICIALS OF THE HAMILTON COMMUNITY SCHOOLS, STEUBEN COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Hamilton Community Schools (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 25, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 3,048,656	\$ -	\$ 29,565	\$ (3,019,091)
Support services	3,009,885	160,867	69,177	(2,779,841)
Community services	90,600	-	-	(90,600)
Nonprogrammed charges	273,075	-	-	(273,075)
Debt service	336,972	-	-	(336,972)
	<u>\$ 6,759,188</u>	<u>\$ 160,867</u>	<u>\$ 98,742</u>	<u>(6,499,579)</u>
Total government				
General receipts:				
Property taxes				2,349,217
Other local sources				443,961
State aid				2,138,076
Grants and contributions not restricted to specific programs				433,561
Sale of property, adjustments, and refunds				644
Investment earnings				160,637
Total general receipts				5,526,096
Change in net assets				(973,483)
Net assets - beginning				3,255,228
Net assets - ending				\$ 2,281,745
<u>Assets</u>				
Cash and investments				\$ 2,281,087
Restricted assets:				
Cash and investments				658
Total assets				\$ 2,281,745
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 658
Unrestricted				2,281,087
Total net assets				\$ 2,281,745

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursements) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,979,059	\$ -	\$ 75,152	\$ (2,903,907)
Support services	2,682,290	159,939	81,333	(2,441,018)
Community services	104,500	-	-	(104,500)
Nonprogrammed charges	447,573	-	-	(447,573)
Debt service	314,510	-	-	(314,510)
Total government	<u>\$ 6,527,932</u>	<u>\$ 159,939</u>	<u>\$ 156,485</u>	<u>(6,211,508)</u>
General receipts:				
Property taxes				3,123,393
Other local sources				454,852
State aid				1,774,805
Grants and contributions not restricted to specific programs				504,670
Sale of property, adjustments, and refunds				468
Investment earnings				107,588
Total general receipts				<u>5,965,776</u>
Change in net assets				(245,732)
Net assets - beginning				<u>2,281,745</u>
Net assets - ending				<u>\$ 2,036,013</u>
<u>Assets</u>				
Cash and investments				\$ 2,035,019
Restricted assets:				
Cash and investments				<u>994</u>
Total assets				<u>\$ 2,036,013</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 994
Unrestricted				<u>2,035,019</u>
Total net assets				<u>\$ 2,036,013</u>

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

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,782,415	\$ 298,397	\$ 228,023	\$ 526,658	\$ 70,344	\$ 208,439	\$ 3,114,276
Intermediate sources	69	-	-	-	-	338	407
State sources	2,156,500	-	-	-	-	74,531	2,231,031
Federal sources	-	-	-	-	-	439,347	439,347
Sale of property, adjustments and refunds	-	-	-	-	-	644	644
Interfund loans	33,500	-	20,000	-	3,000	43,500	100,000
Total receipts	3,972,484	298,397	248,023	526,658	73,344	766,799	5,885,705
Disbursements:							
Current:							
Instruction	2,675,299	-	-	-	-	373,357	3,048,656
Support services	1,061,238	372,383	-	1,042,545	69,414	464,305	3,009,885
Community services	86,259	-	-	-	-	4,341	90,600
Nonprogrammed charges	200,477	-	-	-	-	72,598	273,075
Debt services	-	-	271,821	-	-	65,151	336,972
Interfund loans	66,500	-	-	-	3,000	30,500	100,000
Total disbursements	4,089,773	372,383	271,821	1,042,545	72,414	1,010,252	6,859,188
Excess (deficiency) of receipts over disbursements	(117,289)	(73,986)	(23,798)	(515,887)	930	(243,453)	(973,483)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	6,924	6,924
Transfers out	(1,150)	-	(5,774)	-	-	-	(6,924)
Total other financing sources (uses)	(1,150)	-	(5,774)	-	-	6,924	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(118,439)	(73,986)	(29,572)	(515,887)	930	(236,529)	(973,483)
Cash and investments - beginning	1,783,046	259,951	29,681	620,939	62,094	499,517	3,255,228
Cash and investments - ending	\$ 1,664,607	\$ 185,965	\$ 109	\$ 105,052	\$ 63,024	\$ 262,988	\$ 2,281,745
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 1,664,607	\$ 185,965	\$ -	\$ 105,052	\$ 63,024	\$ 262,439	\$ 2,281,087
Restricted assets:							
Cash and investments	-	-	109	-	-	549	658
Total cash and investment assets - ending	\$ 1,664,607	\$ 185,965	\$ 109	\$ 105,052	\$ 63,024	\$ 262,988	\$ 2,281,745
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 109	\$ -	\$ -	\$ 549	\$ 658
Unrestricted	1,664,607	185,965	-	105,052	63,024	262,439	2,281,087
Total cash and investment fund balance - ending	\$ 1,664,607	\$ 185,965	\$ 109	\$ 105,052	\$ 63,024	\$ 262,988	\$ 2,281,745

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

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

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 2,236,552	\$ 457,896	\$ 265,969	\$ 646,972	\$ -	\$ 237,687	\$ 3,845,076
Intermediate sources	135	-	-	-	-	562	697
State sources	1,822,264	-	-	-	-	83,330	1,905,594
Federal sources	-	-	-	-	-	530,365	530,365
Sale of property, adjustments and refunds	-	-	-	-	-	468	468
Interfund loans	249,000	-	53,000	102,000	-	12,300	416,300
Total receipts	4,307,951	457,896	318,969	748,972	-	864,712	6,698,500
Disbursements:							
Current:							
Instruction	2,537,168	-	-	-	-	441,891	2,979,059
Support services	1,260,564	352,829	-	601,055	21,559	446,283	2,682,290
Community services	100,720	-	-	-	-	3,780	104,500
Nonprogrammed charges	408,116	-	-	-	-	39,457	447,573
Debt services	-	-	272,492	-	-	42,018	314,510
Interfund loans	167,300	-	40,000	204,000	-	5,000	416,300
Total disbursements	4,473,868	352,829	312,492	805,055	21,559	978,429	6,944,232
Excess (deficiency) of receipts over disbursements	(165,917)	105,067	6,477	(56,083)	(21,559)	(113,717)	(245,732)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	18,974	18,974
Transfers out	(13,200)	-	(5,774)	-	-	-	(18,974)
Total other financing sources (uses)	(13,200)	-	(5,774)	-	-	18,974	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(179,117)	105,067	703	(56,083)	(21,559)	(94,743)	(245,732)
Cash and investments - beginning	1,664,607	185,965	109	105,052	63,024	262,988	2,281,745
Cash and investments - ending	\$ 1,485,490	\$ 291,032	\$ 812	\$ 48,969	\$ 41,465	\$ 168,245	\$ 2,036,013
<u>Cash and Investment Assets - Ending</u>							
Cash and investments	\$ 1,485,490	\$ 291,032	\$ -	\$ 48,969	\$ 41,465	\$ 168,063	\$ 2,035,019
Restricted assets:							
Cash and investments	-	-	812	-	-	182	994
Total cash and investment assets - ending	\$ 1,485,490	\$ 291,032	\$ 812	\$ 48,969	\$ 41,465	\$ 168,245	\$ 2,036,013
<u>Cash and Investment Fund Balance - Ending</u>							
Restricted for:							
Debt service	\$ -	\$ -	\$ 812	\$ -	\$ -	\$ 182	\$ 994
Unrestricted	1,485,490	291,032	-	48,969	41,465	168,063	2,035,019
Total cash and investment fund balance - ending	\$ 1,485,490	\$ 291,032	\$ 812	\$ 48,969	\$ 41,465	\$ 168,245	\$ 2,036,013

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

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Agency Funds</u>
Cash and investments fund balance - ending	<u>\$ 9,397</u>

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

HAMILTON COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	<u>Agency Funds</u>
Cash and investments fund balance - ending	<u>\$ 10,651</u>

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

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Hamilton Community Schools

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

Joint Ventures

The School Corporation is a participant with other interested School Corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate the Four County Area Vocational Cooperative (Co-op) which was created to provide vocational instruction for children. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Garrett-Keyser-Butler-Community School District, 801 Houston Street, Garrett, Indiana, 46738.

The School Corporation is a participant with other interested School Corporations in DeKalb, LaGrange, Noble and Steuben Counties in a joint venture to operate the Northeast Indiana Special Education Cooperative (Co-op) which was created to provide programs and services for children with special needs. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from DeKalb County Eastern Community School District, 300 East Washington Street, Butler, Indiana, 46721.

The School Corporation is a participant with other interested School Corporations in LaGrange and Steuben Counties in a joint venture to operate the Educational Opportunity Center Cooperative (Co-op) which was created to provide alternative means to achieve high school credit. The School Corporation is obligated by contract to remit an amount annually to supplement the Co-op. Complete financial statements for the Co-op can be obtained from the Metropolitan School District of Steuben County, 400 South Martha Street, Angola, Indiana, 46703.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints a board member of the Town of Hamilton Park Board.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The School Corporation currently has no business-type activities.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

The transportation operating fund accounts for financial resources for the transportation of school children to and from school.

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

Additionally, the School Corporation reports the following fund type:

Agency funds account for assets held by the School Corporation as an agent for payroll taxes and serve as controls of accounts for certain cash transactions during the time they are a liability to the School Corporation.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

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

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

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

5. Equity Classification

Government-Wide Statements

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

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

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

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2008, the School Corporation had deposit balances in the amount of \$2,046,664. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2007</u>	<u>2008</u>
General Fund	Other governmental funds	\$ 1,150	\$ 13,200
Debt Service Fund	Other governmental funds	<u>5,774</u>	<u>5,774</u>
Totals		<u>\$ 6,924</u>	<u>\$ 18,974</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporations

The School Corporation has entered into a capital lease with Hamilton Community Schools Building Corporation (the lessor). The lessor was organized as a 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 ending June 30, 2007 and 2008, totaled \$271,821 and \$272,492, respectively.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides post employment healthcare benefits, as authorized by IC 5-10-8, to all employees who retire from the School Corporation on or after attaining age fifty-five with at least fifteen years of service. Currently, eight retirees meet these eligibility requirements. The School Corporation provides 100% of these postemployment healthcare benefits. Disbursements for those post employment benefits are recognized on a pay-as-you-go basis. During the years ended June 30, 2007 and 2008, disbursements of \$21,687 and \$28,580 were recognized for post employment benefits.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

D. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 52,737
Interest on net pension obligation	(3,236)
Adjustment to annual required contribution	3,688
Annual pension cost	53,189
Contributions made	50,796
Increase in net pension obligation	2,393
Net pension obligation, beginning of year	(44,635)
Net pension obligation, end of year	\$ (42,242)

	PERF
Contribution rates:	
School Corporation	8%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

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

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-05	\$ 48,772	111%	\$ (49,193)
	06-30-06	54,790	92%	(44,635)
	06-30-07	53,189	96%	(42,242)

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary and the School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$103,933, \$90,097, and \$76,951, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

HAMILTON COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Defined Contribution Pension Plan

401(a) Plan

Plan Description

The School Corporation has a defined contribution pension plan administered by The Variable Life Insurance Company as authorized by Indiana Code 5-10-1.1-1. The plan provides retirement, disability, and death benefits to plan members and beneficiaries. The plan was established by written agreement between the School Corporation and the Plan Administrator. The Plan Administrator issues a publicly available financial report that includes financial statements and required supplementary information of the plan. That report may be obtained by contacting:

The Variable Life Insurance Company
2929 Allen Parkway, AG-09
Houston, Texas 77019
Ph. (713) 831-4995

Funding Policy and Annual Pension Cost

The contribution requirements of plan members are established by the written agreement between the School Corporation and the Hamilton Education Association. The School Corporation is required to contribute at an actuarially determined rate. The current rate is 2.5% of annual covered payroll. Employer and employee contributions to the plan for the years ended June 30, 2007 and 2008, were \$97,733 and \$110,104, respectively.

HAMILTON COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 575,973	\$ 813,318	\$ (237,345)	71%	\$ 703,213	(34%)
07-01-06	645,381	774,811	(129,430)	83%	693,839	(19%)
07-01-07	758,466	831,105	(72,639)	91%	657,868	(11%)

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Fee	Early Intervention	Elementary E/C Travel
Receipts:							
Local sources	\$ 3,431	\$ 135,633	\$ 28,934	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	338	-	-
State sources	3,392	4,008	4,103	-	-	51,738	-
Federal sources	-	61,066	-	-	-	-	-
Sale of property, adjustments and refunds	-	644	-	-	-	-	-
Interfund loans	-	-	13,000	-	-	-	-
Total receipts	<u>6,823</u>	<u>201,351</u>	<u>46,037</u>	<u>-</u>	<u>338</u>	<u>51,738</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	-	-	50,675	-
Support services	-	214,540	61,495	-	-	-	245
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	5,662	-	-	66,936	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	13,000	-	-	-	-
Total disbursements	<u>5,662</u>	<u>214,540</u>	<u>74,495</u>	<u>66,936</u>	<u>-</u>	<u>50,675</u>	<u>245</u>
Excess (deficiency) of receipts over disbursements	<u>1,161</u>	<u>(13,189)</u>	<u>(28,458)</u>	<u>(66,936)</u>	<u>338</u>	<u>1,063</u>	<u>(245)</u>
Other financing sources:							
Transfers in	-	1,150	5,774	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	<u>1,161</u>	<u>(12,039)</u>	<u>(22,684)</u>	<u>(66,936)</u>	<u>338</u>	<u>1,063</u>	<u>(245)</u>
Cash and investments - beginning	<u>72,624</u>	<u>12,082</u>	<u>41,084</u>	<u>66,936</u>	<u>3,225</u>	<u>-</u>	<u>350</u>
Cash and investments - ending	<u>\$ 73,785</u>	<u>\$ 43</u>	<u>\$ 18,400</u>	<u>\$ -</u>	<u>\$ 3,563</u>	<u>\$ 1,063</u>	<u>\$ 105</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 73,785	\$ 43	\$ 18,400	\$ -	\$ 3,563	\$ 1,063	\$ 105
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 73,785</u>	<u>\$ 43</u>	<u>\$ 18,400</u>	<u>\$ -</u>	<u>\$ 3,563</u>	<u>\$ 1,063</u>	<u>\$ 105</u>
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	73,785	43	18,400	-	3,563	1,063	105
Total cash and investment fund balance - ending	<u>\$ 73,785</u>	<u>\$ 43</u>	<u>\$ 18,400</u>	<u>\$ -</u>	<u>\$ 3,563</u>	<u>\$ 1,063</u>	<u>\$ 105</u>

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	E/C Assignments	Rieke Donation	Stackhouse Scholarship	Vaughn Memorial	Dekko Einstein	Dekko Teaching Excellence
Receipts:						
Local sources	\$ 3,775	\$ -	\$ -	\$ 495	\$ 2,500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>3,775</u>	<u>-</u>	<u>-</u>	<u>495</u>	<u>2,500</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	3,777	500	7,787	-	3,029	690
Support services	-	568	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>3,777</u>	<u>1,068</u>	<u>7,787</u>	<u>-</u>	<u>3,029</u>	<u>690</u>
Excess (deficiency) of receipts over disbursements	<u>(2)</u>	<u>(1,068)</u>	<u>(7,787)</u>	<u>495</u>	<u>(529)</u>	<u>(690)</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	<u>(2)</u>	<u>(1,068)</u>	<u>(7,787)</u>	<u>495</u>	<u>(529)</u>	<u>(690)</u>
Cash and investments - beginning	<u>16</u>	<u>14,346</u>	<u>7,787</u>	<u>-</u>	<u>578</u>	<u>690</u>
Cash and investments - ending	<u>\$ 14</u>	<u>\$ 13,278</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 49</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 14	\$ 13,278	\$ -	\$ 495	\$ 49	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 14</u>	<u>\$ 13,278</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 49</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>14</u>	<u>13,278</u>	<u>-</u>	<u>495</u>	<u>49</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 14</u>	<u>\$ 13,278</u>	<u>\$ -</u>	<u>\$ 495</u>	<u>\$ 49</u>	<u>\$ -</u>

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Dekko/Stevens Teaching Excellence	FIST	Wal-Mart Teacher Award	Dekko Project Pruis	Indiana Insurance	Indiana School Safety
Receipts:						
Local sources	\$ -	\$ 2,612	\$ -	\$ 630	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>2,612</u>	<u>-</u>	<u>630</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	825	1,753	-	-	-	-
Support services	-	-	750	294	45	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>825</u>	<u>1,753</u>	<u>750</u>	<u>294</u>	<u>45</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(825)</u>	<u>859</u>	<u>(750)</u>	<u>336</u>	<u>(45)</u>	<u>-</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	<u>(825)</u>	<u>859</u>	<u>(750)</u>	<u>336</u>	<u>(45)</u>	<u>-</u>
Cash and investments - beginning	<u>1,000</u>	<u>99</u>	<u>750</u>	<u>414</u>	<u>45</u>	<u>2,000</u>
Cash and investments - ending	<u>\$ 175</u>	<u>\$ 958</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 175	\$ 958	\$ -	\$ 750	\$ -	\$ 2,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 175</u>	<u>\$ 958</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 2,000</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	175	958	-	750	-	2,000
Total cash and investment fund balance - ending	<u>\$ 175</u>	<u>\$ 958</u>	<u>\$ -</u>	<u>\$ 750</u>	<u>\$ -</u>	<u>\$ 2,000</u>

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted/Talented 05-06	Gifted/Talented 06-07	Non-English Speaking Program	School Technology	Center For School Assessment	Title I 05-06
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	11,290	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	11,290	-	-	-	-
Disbursements:						
Current:						
Instruction	2,880	11,290	476	-	-	39,397
Support services	-	-	-	-	-	3,150
Community services	-	-	-	-	-	1,400
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	2,880	11,290	476	-	-	43,947
Excess (deficiency) of receipts over disbursements	(2,880)	-	(476)	-	-	(43,947)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(2,880)	-	(476)	-	-	(43,947)
Cash and investments - beginning	2,880	-	669	542	300	43,947
Cash and investments - ending	\$ -	\$ -	\$ 193	\$ 542	\$ 300	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 193	\$ 542	\$ 300	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 193	\$ 542	\$ 300	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	193	542	300	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 193	\$ 542	\$ 300	\$ -

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II 06-07	Title V,A	Title V Innovative	Drug Free 04-06	Drug Free 05-07	Title IV,A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	270,006	1,029	-	-	1,000	5,670
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>270,006</u>	<u>1,029</u>	<u>-</u>	<u>-</u>	<u>1,000</u>	<u>5,670</u>
Disbursements:						
Current:						
Instruction	237,522	-	-	2,890	4,009	-
Support services	11,884	350	1,461	-	-	-
Community services	2,941	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>252,347</u>	<u>350</u>	<u>1,461</u>	<u>2,890</u>	<u>4,009</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>17,659</u>	<u>679</u>	<u>(1,461)</u>	<u>(2,890)</u>	<u>(3,009)</u>	<u>5,670</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	<u>17,659</u>	<u>679</u>	<u>(1,461)</u>	<u>(2,890)</u>	<u>(3,009)</u>	<u>5,670</u>
Cash and investments - beginning	-	350	1,998	2,890	6,468	-
Cash and investments - ending	<u>\$ 17,659</u>	<u>\$ 1,029</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ 3,459</u>	<u>\$ 5,670</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 17,659	\$ 1,029	\$ 537	\$ -	\$ 3,459	\$ 5,670
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 17,659</u>	<u>\$ 1,029</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ 3,459</u>	<u>\$ 5,670</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	17,659	1,029	537	-	3,459	5,670
Total cash and investment fund balance - ending	<u>\$ 17,659</u>	<u>\$ 1,029</u>	<u>\$ 537</u>	<u>\$ -</u>	<u>\$ 3,459</u>	<u>\$ 5,670</u>

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	TEI	Title II 05-08	Title II 04-07	Title II,A 05-08	Pension Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 30,429	\$ 208,439
Intermediate sources	-	-	-	-	-	338
State sources	-	-	-	-	-	74,531
Federal sources	-	30,494	50,069	20,013	-	439,347
Sale of property, adjustments and refunds	-	-	-	-	-	644
Interfund loans	-	-	-	-	30,500	43,500
Total receipts	-	30,494	50,069	20,013	60,929	766,799
Disbursements:						
Current:						
Instruction	-	5,857	-	-	-	373,357
Support services	-	19,884	126,436	23,203	-	464,305
Community services	-	-	-	-	-	4,341
Nonprogrammed charges	-	-	-	-	-	72,598
Debt services	-	-	-	-	65,151	65,151
Interfund loans	-	-	-	-	17,500	30,500
Total disbursements	-	25,741	126,436	23,203	82,651	1,010,252
Excess (deficiency) of receipts over disbursements	-	4,753	(76,367)	(3,190)	(21,722)	(243,453)
Other financing sources:						
Transfers in	-	-	-	-	-	6,924
Excess (deficiency) of receipts and other financing sources over disbursements	-	4,753	(76,367)	(3,190)	(21,722)	(236,529)
Cash and investments - beginning	2,318	43,312	108,290	39,256	22,271	499,517
Cash and investments - ending	\$ 2,318	\$ 48,065	\$ 31,923	\$ 36,066	\$ 549	\$ 262,988
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,318	\$ 48,065	\$ 31,923	\$ 36,066	\$ -	\$ 262,439
Restricted assets:						
Cash and investments	-	-	-	-	549	549
Total cash and investment assets - ending	\$ 2,318	\$ 48,065	\$ 31,923	\$ 36,066	\$ 549	\$ 262,988
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 549	\$ 549
Unrestricted	2,318	48,065	31,923	36,066	-	262,439
Total cash and investment fund balance - ending	\$ 2,318	\$ 48,065	\$ 31,923	\$ 36,066	\$ 549	\$ 262,988

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

	Special Education Preschool	School Lunch	Textbook Rental	Education License Fee	Early Intervention	Elementary E/C Travel
Receipts:						
Local sources	\$ 5,427	\$ 139,646	\$ 41,171	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	562	-	-
State sources	466	3,400	7,772	-	44,000	-
Federal sources	-	70,161	-	-	-	-
Sale of property, adjustments and refunds	-	468	-	-	-	-
Interfund loans	-	-	5,000	-	-	-
Total receipts	5,893	213,675	53,943	562	44,000	-
Disbursements:						
Current:						
Instruction	-	-	-	-	45,063	-
Support services	-	226,389	45,282	-	-	1
Community services	-	-	-	-	-	-
Nonprogrammed charges	39,457	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	5,000	-	-	-
Total disbursements	39,457	226,389	50,282	-	45,063	1
Excess (deficiency) of receipts over disbursements	(33,564)	(12,714)	3,661	562	(1,063)	(1)
Other financing sources:						
Transfers in	-	13,200	5,774	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(33,564)	486	9,435	562	(1,063)	(1)
Cash and investments - beginning	73,785	43	18,400	3,563	1,063	105
Cash and investments - ending	\$ 40,221	\$ 529	\$ 27,835	\$ 4,125	\$ -	\$ 104
Cash and Investment Assets - Ending						
Cash and investments	\$ 40,221	\$ 529	\$ 27,835	\$ 4,125	\$ -	\$ 104
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 40,221	\$ 529	\$ 27,835	\$ 4,125	\$ -	\$ 104
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	40,221	529	27,835	4,125	-	104
Total cash and investment fund balance - ending	\$ 40,221	\$ 529	\$ 27,835	\$ 4,125	\$ -	\$ 104

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

	Art Donation	Lions Club Donation	Professional Development	E/C Assignments	Rieke Donation	Professional Development Workshop
Receipts:						
Local sources	\$ 400	\$ 500	\$ 2,495	\$ 5,301	\$ -	\$ 2,994
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>400</u>	<u>500</u>	<u>2,495</u>	<u>5,301</u>	<u>-</u>	<u>2,994</u>
Disbursements:						
Current:						
Instruction	-	-	-	5,290	1,000	-
Support services	-	-	2,495	-	1,684	2,994
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>2,495</u>	<u>5,290</u>	<u>2,684</u>	<u>2,994</u>
Excess (deficiency) of receipts over disbursements	<u>400</u>	<u>500</u>	<u>-</u>	<u>11</u>	<u>(2,684)</u>	<u>-</u>
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	<u>400</u>	<u>500</u>	<u>-</u>	<u>11</u>	<u>(2,684)</u>	<u>-</u>
Cash and investments - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>14</u>	<u>13,278</u>	<u>-</u>
Cash and investments - ending	<u>\$ 400</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 10,594</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 400	\$ 500	\$ -	\$ 25	\$ 10,594	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 400</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 10,594</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	400	500	-	25	10,594	-
Total cash and investment fund balance - ending	<u>\$ 400</u>	<u>\$ 500</u>	<u>\$ -</u>	<u>\$ 25</u>	<u>\$ 10,594</u>	<u>\$ -</u>

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

	Vaughn Memorial	Dekko Einstein	Dekko/Stevens Teaching Excellence	FIST	Dekko Project Pruis	Indiana School Safety
Receipts:						
Local sources	\$ -	\$ 1,192	\$ -	\$ 3,560	\$ 500	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	1,192	-	3,560	500	-
Disbursements:						
Current:						
Instruction	-	1,206	175	4,278	-	-
Support services	453	-	-	-	-	2,000
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	453	1,206	175	4,278	-	2,000
Excess (deficiency) of receipts over disbursements	(453)	(14)	(175)	(718)	500	(2,000)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(453)	(14)	(175)	(718)	500	(2,000)
Cash and investments - beginning	495	49	175	958	750	2,000
Cash and investments - ending	<u>\$ 42</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 1,250</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 42	\$ 35	\$ -	\$ 240	\$ 1,250	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 42</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 1,250</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	42	35	-	240	1,250	-
Total cash and investment fund balance - ending	<u>\$ 42</u>	<u>\$ 35</u>	<u>\$ -</u>	<u>\$ 240</u>	<u>\$ 1,250</u>	<u>\$ -</u>

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

	Gifted/Talented 07-08	Non-English Speaking Program	School Technology	Center For School Assessment	Title I 07-08	Title II 06-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 150	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	27,692	-	-	-	-	-
Federal sources	-	-	-	-	390,946	26,380
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	27,692	-	-	150	390,946	26,380
Disbursements:						
Current:						
Instruction	18,532	-	-	-	322,309	39,223
Support services	-	-	542	-	37,703	4,788
Community services	-	-	-	-	3,752	28
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	18,532	-	542	-	363,764	44,039
Excess (deficiency) of receipts over disbursements	9,160	-	(542)	150	27,182	(17,659)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	9,160	-	(542)	150	27,182	(17,659)
Cash and investments - beginning	-	193	542	300	-	17,659
Cash and investments - ending	\$ 9,160	\$ 193	\$ -	\$ 450	\$ 27,182	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 9,160	\$ 193	\$ -	\$ 450	\$ 27,182	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 9,160	\$ 193	\$ -	\$ 450	\$ 27,182	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	9,160	193	-	450	27,182	-
Total cash and investment fund balance - ending	\$ 9,160	\$ 193	\$ -	\$ 450	\$ 27,182	\$ -

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

	Title V,A 06-07	Title V Innovative	Title V,A 07-08	Drug Free 07-09	Drug Free 05-07	Title IV,A
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	883	5,567	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	883	5,567	-	-
Disbursements:						
Current:						
Instruction	-	-	-	-	3,459	1,014
Support services	749	537	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	749	537	-	-	3,459	1,014
Excess (deficiency) of receipts over disbursements	(749)	(537)	883	5,567	(3,459)	(1,014)
Other financing sources:						
Transfers in	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements	(749)	(537)	883	5,567	(3,459)	(1,014)
Cash and investments - beginning	1,029	537	-	-	3,459	5,670
Cash and investments - ending	\$ 280	\$ -	\$ 883	\$ 5,567	\$ -	\$ 4,656
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 280	\$ -	\$ 883	\$ 5,567	\$ -	\$ 4,656
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 280	\$ -	\$ 883	\$ 5,567	\$ -	\$ 4,656
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	280	-	883	5,567	-	4,656
Total cash and investment fund balance - ending	\$ 280	\$ -	\$ 883	\$ 5,567	\$ -	\$ 4,656

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

	TEI	Title II 05-08	Title II 04-07	Title II,A 05-08	Pension Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 34,351	\$ 237,687
Intermediate sources	-	-	-	-	-	562
State sources	-	-	-	-	-	83,330
Federal sources	-	32,562	-	3,866	-	530,365
Sale of property, adjustments and refunds	-	-	-	-	-	468
Interfund loans	-	-	-	-	7,300	12,300
Total receipts	-	32,562	-	3,866	41,651	864,712
Disbursements:						
Current:						
Instruction	-	342	-	-	-	441,891
Support services	-	55,876	31,923	32,867	-	446,283
Community services	-	-	-	-	-	3,780
Nonprogrammed charges	-	-	-	-	-	39,457
Debt services	-	-	-	-	42,018	42,018
Interfund loans	-	-	-	-	-	5,000
Total disbursements	-	56,218	31,923	32,867	42,018	978,429
Excess (deficiency) of receipts over disbursements	-	(23,656)	(31,923)	(29,001)	(367)	(113,717)
Other financing sources:						
Transfers in	-	-	-	-	-	18,974
Excess (deficiency) of receipts and other financing sources over disbursements	-	(23,656)	(31,923)	(29,001)	(367)	(94,743)
Cash and investments - beginning	2,318	48,065	31,923	36,066	549	262,988
Cash and investments - ending	\$ 2,318	\$ 24,409	\$ -	\$ 7,065	\$ 182	\$ 168,245
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,318	\$ 24,409	\$ -	\$ 7,065	\$ -	\$ 168,063
Restricted assets:						
Cash and investments	-	-	-	-	182	182
Total cash and investment assets - ending	\$ 2,318	\$ 24,409	\$ -	\$ 7,065	\$ 182	\$ 168,245
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 182	\$ 182
Unrestricted	2,318	24,409	-	7,065	-	168,063
Total cash and investment fund balance - ending	\$ 2,318	\$ 24,409	\$ -	\$ 7,065	\$ 182	\$ 168,245

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

	Payroll	Cafeteria Payroll	Totals
Cash and investments fund balance - ending	\$ 244	\$ 9,153	\$ 9,397
	\$ 244	\$ 9,153	\$ 9,397

HAMILTON COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	Payroll	Cafeteria Payroll	Totals
Cash and investments fund balance - ending	\$ 244	\$ 10,407	\$ 10,651

HAMILTON COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 217,570
Buildings	4,384,465
Improvements other than buildings	204,042
Machinery and equipment	<u>1,937,528</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 6,743,605</u></u>

HAMILTON COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

Description of Debt	Ending Principal Balance	Principal And Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Hamilton Community Schools Building Corporation	\$ 730,000	\$ 275,654
Loans payable	731,275	231,003
Bonds payable:		
General obligation bonds:		
Taxable pension bonds	<u>235,000</u>	<u>40,791</u>
Total governmental activities debt	<u>\$ 1,696,275</u>	<u>\$ 547,448</u>

HAMILTON COMMUNITY SCHOOLS
AUDIT RESULT AND COMMENT

AVERAGE DAILY MEMBERSHIP (ADM) - LACK OF RECORDS

Records were not presented for audit to support the ADM claimed by the School Corporation.

Officials should maintain records (enrollment cards, rosters, reporting forms, etc.) which substantiate the number of students claimed for ADM. The building level official (Principal, Assistant Principal, etc.) responsible for reporting ADM to the School Corporation Central Office, should provide a written certification of ADM to properly document responsibility. The certification should at a minimum include a statement detailing the names and location of the records used to substantiate ADM claimed. (The School Administrator and Uniform Compliance Guidelines, Volume 163, September 2003, and Volume 182, June 2008)

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 WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

TO: THE OFFICIALS OF THE HAMILTON COMMUNITY SCHOOLS, STEUBEN COUNTY, INDIANA

Compliance

We have audited the compliance of the Hamilton Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

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

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

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

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

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

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

STATE BOARD OF ACCOUNTS

February 25, 2009

HAMILTON COMMUNITY SCHOOLS
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For The Years Ended June 30, 2007 and 2008

Federal Grantor Agency/Pass-Through Entity Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 11,056	\$ 9,916
National School Lunch Program	10.555		<u>68,304</u>	<u>78,672</u>
Total for federal grantor agency			<u>79,360</u>	<u>88,588</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies	84.010			
		06-7610	43,947	-
		07-7610	252,347	44,039
		08-7610	<u>-</u>	<u>363,764</u>
Total for program			<u>296,294</u>	<u>407,803</u>
Safe and Drug Free Schools and Communities - State Grants	84.186			
		04-070	2,890	-
		05-248	4,009	3,459
		7610-06	<u>-</u>	<u>1,014</u>
Total for program			<u>6,899</u>	<u>4,473</u>
State Grants for Innovative Programs	84.298			
		05-212	1,461	537
		06-7610	<u>350</u>	<u>749</u>
Total for program			<u>1,811</u>	<u>1,286</u>
Education Technology - State Grants	84.318			
		FY04-05	649	-
		S318X040014	5,206	-
		FY05-06	102,435	-
		FY06-07	<u>18,146</u>	<u>31,923</u>
Total for program			<u>126,436</u>	<u>31,923</u>
Rural Schools and Low Income Program	84.358			
		FY04-05	23,203	-
		FY06-07	-	20,066
		FY07-08	<u>-</u>	<u>12,801</u>
Total for program			<u>23,203</u>	<u>32,867</u>
Improving Teacher Quality - State Grants	84.367			
		04-130	12,399	-
		05-126	6,104	24,809
		06-7610	7,238	23,256
		FY07-08	<u>-</u>	<u>8,153</u>
Total for program			<u>25,741</u>	<u>56,218</u>
Total for federal grantor agency			<u>480,384</u>	<u>534,570</u>
Total federal awards expended			<u>\$ 559,744</u>	<u>\$ 623,158</u>

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

HAMILTON COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
National School Lunch Program	10.555	\$ 16,978	\$ 17,826

HAMILTON COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

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

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

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

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I Grants to Local Education Agencies

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

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 COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

HAMILTON COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on February 25, 2009, with Kelley Kitchen, Treasurer; and Mark Gould, Superintendent of Schools. The officials concurred with our audit finding.