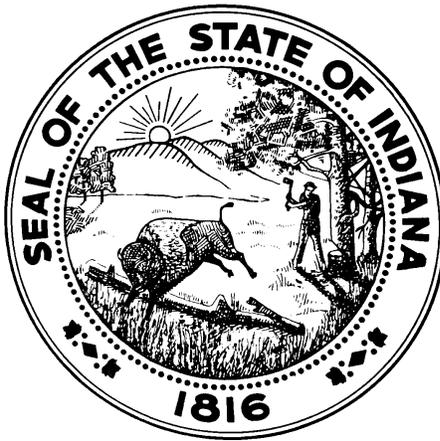


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
GREATER RANDOLPH INTERLOCAL COOPERATIVE
RANDOLPH COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
03/06/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jan E. Hinty	07-01-05 to 06-30-08
Director	Lisa R. Waber	07-01-05 to 06-30-08
President of the Board of Directors	Philip Wray	07-01-05 to 06-30-08



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE GREATER RANDOLPH INTERLOCAL
COOPERATIVE, RANDOLPH COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Randolph Interlocal Cooperative (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, 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, 2006 and 2007, 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 January 30, 2008, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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.

STATE BOARD OF ACCOUNTS

January 30, 2008



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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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 GREATER RANDOLPH INTERLOCAL
COOPERATIVE, RANDOLPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Greater Randolph Interlocal Cooperative (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 30, 2008. 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

January 30, 2008

GREATER RANDOLPH INTERLOCAL COOPERATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 510,567	\$ -	\$ 125	\$ (510,442)
Support services	617,510	11,850	-	(605,660)
Nonprogrammed charges	<u>896,031</u>	<u>-</u>	<u>-</u>	<u>(896,031)</u>
Total governmental activities	<u>\$ 2,024,108</u>	<u>\$ 11,850</u>	<u>\$ 125</u>	<u>(2,012,133)</u>
General receipts:				
Other local sources				801,432
Grants and contributions not restricted to specific programs				1,108,645
Sale of property, adjustments, and refunds				1,032
Investment earnings				<u>413</u>
Total general receipts				<u>1,911,522</u>
Change in net assets				(100,611)
Net assets - beginning				<u>358,100</u>
Net assets - ending				<u>\$ 257,489</u>
<u>Assets</u>				
Cash and investments				<u>\$ 257,489</u>
<u>Net Assets</u>				
Unrestricted				<u>\$ 257,489</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Totals</u>
Governmental activities:			
Instruction	\$ 468,109	\$ -	\$ (468,109)
Support services	631,993	11,850	(620,143)
Nonprogrammed charges	<u>1,111,014</u>	<u>-</u>	<u>(1,111,014)</u>
Total governmental activities	<u>\$ 2,211,116</u>	<u>\$ 11,850</u>	<u>(2,199,266)</u>
General receipts:			
Other local sources			834,780
Grants and contributions not restricted to specific programs			1,267,421
Investment earnings			<u>333</u>
Total general receipts			<u>2,102,534</u>
Change in net assets			(96,732)
Net assets - beginning			<u>257,489</u>
Net assets - ending			<u>\$ 160,757</u>
<u>Assets</u>			
Total assets			<u>\$ 160,757</u>
<u>Net Assets</u>			
Unrestricted			<u>\$ 160,757</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
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, 2006

	General	Special Education Preschool	Alternative School	Special Education Year 2005-2006	Other	Totals
Receipts:						
Local sources	\$ 378,251	\$ 300,144	\$ 69,936	\$ -	\$ 65,364	\$ 813,695
State sources	-	-	4,690	-	125	4,815
Federal sources	-	-	-	1,020,000	83,955	1,103,955
Sale of property, adjustments and refunds	1,032	-	-	-	-	1,032
Total receipts	<u>379,283</u>	<u>300,144</u>	<u>74,626</u>	<u>1,020,000</u>	<u>149,444</u>	<u>1,923,497</u>
Disbursements:						
Current:						
Instruction	59,579	188,357	56,200	70,844	135,587	510,567
Support services	326,154	124,151	60,896	34,543	71,766	617,510
Nonprogrammed charges	-	399	-	895,632	-	896,031
Total disbursements	<u>385,733</u>	<u>312,907</u>	<u>117,096</u>	<u>1,001,019</u>	<u>207,353</u>	<u>2,024,108</u>
Excess (deficiency) of receipts over disbursements	<u>(6,450)</u>	<u>(12,763)</u>	<u>(42,470)</u>	<u>18,981</u>	<u>(57,909)</u>	<u>(100,611)</u>
Cash and investments - beginning	<u>209,671</u>	<u>15,519</u>	<u>88,305</u>	<u>-</u>	<u>44,605</u>	<u>358,100</u>
Cash and investments - ending	<u>\$ 203,221</u>	<u>\$ 2,756</u>	<u>\$ 45,835</u>	<u>\$ 18,981</u>	<u>\$ (13,304)</u>	<u>\$ 257,489</u>
Cash and Investment Assets - Ending						
Total cash and investment assets - ending	<u>\$ 203,221</u>	<u>\$ 2,756</u>	<u>\$ 45,835</u>	<u>\$ 18,981</u>	<u>\$ (13,304)</u>	<u>\$ 257,489</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 203,221</u>	<u>\$ 2,756</u>	<u>\$ 45,835</u>	<u>\$ 18,981</u>	<u>\$ (13,304)</u>	<u>\$ 257,489</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
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	Special Education Preschool	Alternative School	Special Education Year 2005-2006	Special Education Year 2006-2007	Other	Totals
Receipts:							
Local sources	\$ 359,540	\$ 299,061	\$ 93,042	\$ -	\$ -	\$ 95,320	\$ 846,963
State sources	-	-	4,414	-	-	-	4,414
Federal sources	-	-	-	208,290	981,818	72,899	1,263,007
Total receipts	359,540	299,061	97,456	208,290	981,818	168,219	2,114,384
Disbursements:							
Current:							
Instruction	73,352	159,603	40,929	128	68,038	126,059	468,109
Support services	372,778	127,520	48,995	3,163	43,904	35,633	631,993
Nonprogrammed charges	-	-	-	223,908	887,106	-	1,111,014
Total disbursements	446,130	287,123	89,924	227,199	999,048	161,692	2,211,116
Excess (deficiency) of receipts over disbursements	(86,590)	11,938	7,532	(18,909)	(17,230)	6,527	(96,732)
Other financing sources (uses):							
Transfers in	71	-	-	-	-	-	71
Transfers out	-	-	-	-	-	(71)	(71)
Total other financing sources (uses)	71	-	-	-	-	(71)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(86,519)	11,938	7,532	(18,909)	(17,230)	6,456	(96,732)
Cash and investments - beginning	203,221	2,756	45,835	18,981	-	(13,304)	257,489
Cash and investments - ending	<u>\$ 116,702</u>	<u>\$ 14,694</u>	<u>\$ 53,367</u>	<u>\$ 72</u>	<u>\$ (17,230)</u>	<u>\$ (6,848)</u>	<u>\$ 160,757</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 116,702</u>	<u>\$ 14,694</u>	<u>\$ 53,367</u>	<u>\$ 72</u>	<u>\$ (17,230)</u>	<u>\$ (6,848)</u>	<u>\$ 160,757</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 116,702</u>	<u>\$ 14,694</u>	<u>\$ 53,367</u>	<u>\$ 72</u>	<u>\$ (17,230)</u>	<u>\$ (6,848)</u>	<u>\$ 160,757</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
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 primary government only. In determining the financial reporting entity, the School Corporation complies with the provisions of GASB Statement No. 14, *The Financial Reporting Entity*.

Joint Venture

The School Corporation was created in 1998 by Monroe Central School Corporation, Randolph Eastern School Corporation, Randolph Central School Corporation, and Randolph Southern School Corporation in a joint venture to provide special education programs to students. Liberty-Perry School Corporation joined in 1999. The Greater Randolph Interlocal Cooperative's continued existence depends on continued funding by the member School Corporations.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

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 special education preschool fund accounts for the education of children ages three through five who have special learning needs.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

The alternative school fund accounts for the education of school-age children who do not learn well in standard classroom situations.

The special education grant funds account for basic federal grants for the education of school-age children with special learning needs.

C. Measurement Focus and Basis of Accounting

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

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.

The effect of interfund activity has been eliminated from the government-wide financial statements.

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

The School Corporation does not receive any direct property taxes.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Compensated Absences

a. Sick Leave

Noncertified employees earn sick leave at the rate of 6 days per year or 10 days per year for twelve-month employees. Unused sick leave may be accumulated to a maximum of 20 days, or 90 days for twelve-month employees. Accumulated sick leave is paid at the rate of \$25.85 per day to twelve-month employees only upon retirement.

b. Vacation Leave

Noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

Noncertified School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave may be accumulated to a maximum of 5 days. Accumulated personal leave is not paid to employees.

d. General Leave

Certified School Corporation employees earn general leave at the rate of 11 days per year. Unused general leave may be accumulated to a maximum of 90 days. Accumulated general leave is not paid to employees.

4. Capital Assets

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

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental 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.

6. 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".

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are reported as reimbursements.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. 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. On or prior to June 30, the Director of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. The governing board adopts the budget for the following year. The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board.

B. Cash and Investment Balance Deficits

At June 30, 2006 and 2007, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2005-2006	2006-2007
ATC Program	\$ 7,649	\$ -
Public Law 105-17 Year 2005-2006	14,817	-
Special Education Year 2006-2007	-	17,230
Public Law 105-17 Year 2006-2007	-	14,530

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements. These deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. 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.

2. Investments

The School Corporation had no investments at June 30, 2006 or 2007. However, Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

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

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

Transfer From	Transfer To	2005-2006	2006-2007
Other governmental funds	General Fund	\$ -	\$ 71

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.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. 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.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 8,222
Interest on net pension obligation	(848)
Adjustment to annual required contribution	966
Annual pension cost	8,340
Contributions made	7,538
Increase in net pension obligation	802
Net pension obligation, beginning of year	(11,692)
Net pension obligation, end of year	\$ (10,890)

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	5.5%
Plan members	3%
Actuarial valuation date	07-01-06
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

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	06-30-04	\$ 3,133	211%	\$ (11,796)
	06-30-05	6,611	98%	(11,692)
	06-30-06	8,340	90%	(10,890)

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.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2007, 2006, and 2005, were \$35,977, \$36,313, and \$35,978, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 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)
07-01-04	\$ 23,236	\$ 43,468	\$ (20,232)	53%	\$ 102,364	(20%)
07-01-05	28,433	56,524	(28,091)	50%	110,833	(25%)
07-01-06	41,434	61,361	(19,927)	68%	135,201	(15%)

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 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, 2006

	ATC Program	Medicaid Reimbursement	Preschool Fundraiser	Non-English Speaking Program	Special Education Year 2004-2005	Public Law 105-17 Year 2003-2004	CSPD
Receipts:							
Local sources	\$ 60,965	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	125	-	-	-
Federal sources	-	-	-	-	3,175	-	-
Total receipts	60,965	-	-	125	3,175	-	-
Disbursements:							
Current:							
Instruction	71,292	-	44	-	178	-	-
Support services	18,820	-	-	-	13,218	-	50
Total disbursements	90,112	-	44	-	13,396	-	50
Excess (deficiency) of receipts over disbursements	(29,147)	-	(44)	125	(10,221)	-	(50)
Cash and investments - beginning	21,498	71	73	-	10,221	1	50
Cash and investments - ending	<u>\$ (7,649)</u>	<u>\$ 71</u>	<u>\$ 29</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (7,649)</u>	<u>\$ 71</u>	<u>\$ 29</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ (7,649)</u>	<u>\$ 71</u>	<u>\$ 29</u>	<u>\$ 125</u>	<u>\$ -</u>	<u>\$ 1</u>	<u>\$ -</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 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, 2006
 (Continued)

	Sliver Year 2005-2006	Public Law 105-17 Year 2005-2006	Medicaid Reimbursement Federal	Donations Instruction Support	Randolph County Youth Council	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 2,829	\$ 1,570	\$ 65,364
State sources	-	-	-	-	-	125
Federal sources	<u>21,523</u>	<u>59,257</u>	-	-	-	<u>83,955</u>
Total receipts	<u>21,523</u>	<u>59,257</u>	-	<u>2,829</u>	<u>1,570</u>	<u>149,444</u>
Disbursements:						
Current:						
Instruction	-	64,073	-	-	-	135,587
Support services	<u>21,123</u>	<u>10,001</u>	<u>2,792</u>	<u>2,986</u>	<u>2,776</u>	<u>71,766</u>
Total disbursements	<u>21,123</u>	<u>74,074</u>	<u>2,792</u>	<u>2,986</u>	<u>2,776</u>	<u>207,353</u>
Excess (deficiency) of receipts over disbursements	400	(14,817)	(2,792)	(157)	(1,206)	(57,909)
Cash and investments - beginning	-	-	<u>2,792</u>	<u>3,391</u>	<u>6,508</u>	<u>44,605</u>
Cash and investments - ending	<u>\$ 400</u>	<u>\$ (14,817)</u>	<u>\$ -</u>	<u>\$ 3,234</u>	<u>\$ 5,302</u>	<u>\$ (13,304)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 400</u>	<u>\$ (14,817)</u>	<u>\$ -</u>	<u>\$ 3,234</u>	<u>\$ 5,302</u>	<u>\$ (13,304)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 400</u>	<u>\$ (14,817)</u>	<u>\$ -</u>	<u>\$ 3,234</u>	<u>\$ 5,302</u>	<u>\$ (13,304)</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 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

	ATC Program	Medicaid Reimbursement	Preschool Fundraiser	Non-English Speaking Program	Public Law 105-17 Year 2003-2004	Sliver Year 2005-2006
Receipts:						
Local sources	\$ 91,821	\$ -	\$ -	\$ -	\$ -	\$ -
Federal sources	-	-	-	-	-	-
Total receipts	91,821	-	-	-	-	-
Disbursements:						
Current:						
Instruction	62,030	-	29	-	-	-
Support services	19,323	-	-	-	-	400
Total disbursements	81,353	-	29	-	-	400
Excess (deficiency) of receipts over disbursements	10,468	-	(29)	-	-	(400)
Other financing sources (uses):						
Transfers out	-	(71)	-	-	-	-
Total other financing sources (uses)	-	(71)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	10,468	(71)	(29)	-	-	(400)
Cash and investments - beginning	(7,649)	71	29	125	1	400
Cash and investments - ending	<u>\$ 2,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 1</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 2,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 1</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 2,819</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ 1</u>	<u>\$ -</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 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)

	Public Law 105-17 Year 2005-2006	Public Law 105-17 Year 2006-2007	Donations Instruction Support	ATC Donations	Randolph County Youth Council	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 2,104	\$ 500	\$ 895	\$ 95,320
Federal sources	14,817	58,082	-	-	-	72,899
Total receipts	14,817	58,082	2,104	500	895	168,219
Disbursements:						
Current:						
Instruction	-	64,000	-	-	-	126,059
Support services	-	8,612	1,097	4	6,197	35,633
Total disbursements	-	72,612	1,097	4	6,197	161,692
Excess (deficiency) of receipts over disbursements	14,817	(14,530)	1,007	496	(5,302)	6,527
Other financing sources (uses):						
Transfers out	-	-	-	-	-	(71)
Total other financing sources (uses)	-	-	-	-	-	(71)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,817	(14,530)	1,007	496	(5,302)	6,456
Cash and investments - beginning	(14,817)	-	3,234	-	5,302	(13,304)
Cash and investments - ending	\$ -	\$ (14,530)	\$ 4,241	\$ 496	\$ -	\$ (6,848)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (14,530)	\$ 4,241	\$ 496	\$ -	\$ (6,848)
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ (14,530)	\$ 4,241	\$ 496	\$ -	\$ (6,848)

GREATER RANDOLPH INTERLOCAL COOPERATIVE
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

June 30, 2007

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:	
Machinery and equipment	<u>\$ 39,968</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The ATC Program Fund, and the Public Law 105-17 Year 2005-2006 Fund were overdrawn at June 30, 2006. The Special Education Year 2006-2007 Fund and the Public Law 105-17 Year 2006-2007 Fund were overdrawn at June 30, 2007.

The balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 GREATER RANDOLPH INTERLOCAL
COOPERATIVE, RANDOLPH COUNTY, INDIANA

Compliance

We have audited the compliance of the Greater Randolph Interlocal Cooperative (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, 2006 and 2007. 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, 2006 and 2007.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

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

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

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

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

January 30, 2008

GREATER RANDOLPH INTERLOCAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-06	Total Federal Awards Expended 06-30-07
U.S. DEPARTMENT OF EDUCATION				
Pass Through Indiana Department of Education				
Special Education Cluster				
Special Education - Grants to States (IDEA Part B)				
	84.027			
		14205-066-PN01	\$ 13,396	\$ -
		14205-066-SN01	21,123	400
		14206-066-SN01	1,001,019	227,199
		14207-066-PN01	-	999,047
Total for program			<u>1,035,538</u>	<u>1,226,646</u>
Special Education - Preschool Grants (IDEA Preschool)				
	84.173			
		45706-066-PN01	74,074	-
		45707-066-PN01	-	72,612
Total for program			<u>74,074</u>	<u>72,612</u>
Total federal awards expended			<u>\$ 1,109,612</u>	<u>\$ 1,299,258</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
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 Greater Randolph Interlocal Cooperative (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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2006 and 2007:

Program Title	Federal CFDA Number	2006	2007
Special Education – Grants to States (IDEA Part B)	84.027	<u>\$ 895,632</u>	<u>\$ 1,111,013</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
EXIT CONFERENCE

The contents of this report were discussed on January 30, 2008, with Jan E. Hinty, Treasurer; Lisa R. Waber, Director; Philip Wray, President of the Board of Directors; and Cathy A. Stephens, member of the Board of Directors. The official response has been made a part of this report and may be found on page 35.



ALL CHILDREN ARE
SPECIAL

GREATER RANDOLPH INTERLOCAL COOPERATIVE

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E-Mail: l_waber@rc.k12.in.us
Lisa Waber - Director
Jan Hinty - Secretary/Treasurer
Renee Weigand - Secretary

January 30, 2008

Dear State Board of Accounts:

The recent audit of Greater Randolph Interlocal Cooperative resulted in an audit comment. The Federal Pass Through Grant and the Preschool Fund had deficit cash balances June 30, 2006 and June 30, 2007. According to the Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9, the cash balance of any fund may not be reduced below zero.

We do understand that ruling, especially as it applies to major funds. The Pass Through Grant is federal money that comes from the state to GRIC. In 2006 we were notified part way through the year that the pass through money would be distributed on a 15 month instead of a 12 month basis, which has caused deficits. This has continued into 2007. Building on that issue is that GRIC is never sure when the money will arrive in our accounts from the state, so this may create an excess of more than a 10% cash balance. This would result in GRIC completing an amended cash request when all but a percentage of this money is sent to the corporations. This has also caused deficits for the corporations that GRIC sends Pass Through money.

The Preschool Fund has experienced deficits both in 2006 and 2007. Preschool operating costs have risen each year, yet state funding has not increased since the funds inception in 1991, per IASBO.

We believe state agencies, legislators, and the Department of Local Government Finance need to see the negative balances on the Form 9 so that they understand the effects of these actions, such as delayed payments.

Sincerely,

Lisa Waber
Director