

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

AUDIT REPORT

OF

RANDOLPH EASTERN SCHOOL CORPORATION

RANDOLPH COUNTY, INDIANA

July 1, 2005 to June 30, 2007



FILED

03/19/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda R. Peacock	07-01-05 to 06-30-08
Superintendent of Schools	Cathy A. Stephen	07-01-05 to 06-30-09
President of the School Board	Kurt L. Prescott Rob K. Loesch	07-01-05 to 06-30-07 07-01-07 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 RANDOLPH EASTERN SCHOOL
CORPORATION, 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 Randolph Eastern School Corporation (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 December 10, 2007, 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. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

December 10, 2007



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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 RANDOLPH EASTERN SCHOOL
CORPORATION, RANDOLPH COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Randolph Eastern School Corporation (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 December 10, 2007. 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.

We noted certain matters that we reported to management in a separate letter dated December 10, 2007.

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

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

STATE BOARD OF ACCOUNTS

December 10, 2007

RANDOLPH EASTERN SCHOOL CORPORATION
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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 3,719,760	\$ -	\$ 61,400	\$ (3,658,360)
Support services	4,284,584	214,519	234,967	(3,835,098)
Community services	116,208	-	-	(116,208)
Nonprogrammed charges	109,431	-	-	(109,431)
Debt service	424,300	-	-	(424,300)
Total governmental activities	\$ 8,654,283	\$ 214,519	\$ 296,367	(8,143,397)
General receipts:				
Property taxes				2,648,990
Other local sources				525,230
State aid				4,645,659
Grants and contributions not restricted to specific programs				317,599
Sale of property, adjustments, and refunds				56,294
Investment earnings				78,376
Total general receipts				8,272,148
Change in net assets				128,751
Net assets - beginning				2,472,944
Net assets - ending				\$ 2,601,695
 <u>Assets</u>				
Cash and investments				\$ 2,395,121
Restricted assets:				
Cash and investments				206,574
Total assets				\$ 2,601,695
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 206,574
Unrestricted				2,395,121
Total net assets				\$ 2,601,695

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

RANDOLPH EASTERN SCHOOL CORPORATION
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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,873,804	\$ -	\$ 103,889	\$ (3,769,915)
Support services	8,040,231	227,092	283,778	(7,529,361)
Community services	101,039	-	-	(101,039)
Nonprogrammed charges	109,322	-	-	(109,322)
Debt service	435,597	-	-	(435,597)
Total governmental activities	\$ 12,559,993	\$ 227,092	\$ 387,667	(11,945,234)
General receipts:				
Property taxes				1,674,819
Other local sources				458,314
State aid				4,590,587
Bonds and loans				3,487,682
Grants and contributions not restricted to specific programs				406,609
Sale of property, adjustments, and refunds				54,459
Investment earnings				106,454
Total general receipts				10,778,924
Change in net assets				(1,166,310)
Net assets - beginning				2,601,695
Net assets - ending				\$ 1,435,385
<u>Assets</u>				
Cash and investments				\$ 1,340,161
Restricted assets:				
Cash and investments				95,224
Total assets				\$ 1,435,385
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 95,224
Unrestricted				1,340,161
Total net assets				\$ 1,435,385

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

RANDOLPH EASTERN SCHOOL CORPORATION
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	Transportation Operating	Rainy Day	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 1,569,003	\$ 375,086	\$ -	\$ 159,150	\$ 378,812	\$ 659,814	\$ 63,720	\$ 263,785	\$ 3,469,370
Intermediate sources	147	-	-	-	-	-	-	600	747
State sources	4,691,836	-	-	4,581	-	-	-	119,342	4,815,759
Federal sources	2,426	-	-	209,474	-	-	-	228,966	440,866
Sale of property, adjustments and refunds	8,939	95	35,000	714	-	10,964	-	580	56,292
Total receipts	6,272,351	375,181	35,000	373,919	378,812	670,778	63,720	613,273	8,783,034
Disbursements:									
Current:									
Instruction	3,246,420	-	-	-	-	-	-	473,340	3,719,760
Support services	2,558,718	341,070	32,835	326,012	-	885,380	-	140,569	4,284,584
Community services	100,868	-	-	-	-	-	-	15,340	116,208
Nonprogrammed charges	109,431	-	-	-	-	-	-	-	109,431
Debt services	-	-	-	-	354,119	-	-	70,181	424,300
Total disbursements	6,015,437	341,070	32,835	326,012	354,119	885,380	-	699,430	8,654,283
Excess (deficiency) of receipts over disbursements	256,914	34,111	2,165	47,907	24,693	(214,602)	63,720	(86,157)	128,751
Other financing sources (uses):									
Transfers in	1,407	-	30,000	-	-	-	-	56,999	88,406
Transfers out	(39,314)	(10,000)	(328)	-	(20,000)	-	-	(18,764)	(88,406)
Total other financing sources (uses)	(37,907)	(10,000)	29,672	-	(20,000)	-	-	38,235	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	219,007	24,111	31,837	47,907	4,693	(214,602)	63,720	(47,922)	128,751
Cash and investments - beginning	919,294	215,642	295,369	155,430	201,881	434,491	60,072	190,765	2,472,944
Cash and investments - ending	<u>\$ 1,138,301</u>	<u>\$ 239,753</u>	<u>\$ 327,206</u>	<u>\$ 203,337</u>	<u>\$ 206,574</u>	<u>\$ 219,889</u>	<u>\$ 123,792</u>	<u>\$ 142,843</u>	<u>\$ 2,601,695</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,138,301	\$ 239,753	\$ 327,206	\$ 203,337	\$ -	\$ 219,889	\$ 123,792	\$ 142,843	\$ 2,395,121
Restricted assets:									
Cash and investments	-	-	-	-	206,574	-	-	-	206,574
Total cash and investment assets - ending	\$ 1,138,301	\$ 239,753	\$ 327,206	\$ 203,337	\$ 206,574	\$ 219,889	\$ 123,792	\$ 142,843	\$ 2,601,695
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 206,574	\$ -	\$ -	\$ -	\$ 206,574
Unrestricted	1,138,301	239,753	327,206	203,337	-	219,889	123,792	142,843	2,395,121
Total cash and investment fund balance - ending	\$ 1,138,301	\$ 239,753	\$ 327,206	\$ 203,337	\$ 206,574	\$ 219,889	\$ 123,792	\$ 142,843	\$ 2,601,695

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

RANDOLPH EASTERN SCHOOL CORPORATION
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	Rainy Day	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:										
Local sources	\$ 991,646	\$ 253,045	\$ -	\$ 161,827	\$ 284,406	\$ 415,490	\$ 44,364	\$ -	\$ 364,950	\$ 2,515,728
Intermediate sources	295	-	-	-	-	-	-	-	656	951
State sources	4,632,271	-	-	4,612	-	-	-	-	166,386	4,803,269
Federal sources	-	-	-	258,745	-	-	-	-	272,849	531,594
Bonds and loans	-	-	-	-	-	-	-	3,487,682	-	3,487,682
Sale of property, adjustments and refunds	47,781	902	-	1,530	-	1,033	-	-	3,213	54,459
Total receipts	5,671,993	253,947	-	426,714	284,406	416,523	44,364	3,487,682	808,054	11,393,683
Disbursements:										
Current:										
Instruction	3,342,413	-	-	-	-	-	-	-	531,391	3,873,804
Support services	2,676,366	359,991	73,333	376,528	-	670,005	203,522	3,456,166	224,320	8,040,231
Community services	86,110	-	-	-	-	-	-	-	14,929	101,039
Nonprogrammed charges	109,322	-	-	-	-	-	-	-	-	109,322
Debt services	-	-	-	-	385,756	-	-	-	49,841	435,597
Total disbursements	6,214,211	359,991	73,333	376,528	385,756	670,005	203,522	3,456,166	820,481	12,559,993
Excess (deficiency) of receipts over disbursements	(542,218)	(106,044)	(73,333)	50,186	(101,350)	(253,482)	(159,158)	31,516	(12,427)	(1,166,310)
Other financing sources (uses):										
Transfers in	8,859	-	130,328	-	-	33,593	35,366	-	102,741	310,887
Transfers out	(165,000)	(20,000)	(92,767)	-	(10,000)	-	-	-	(23,120)	(310,887)
Total other financing sources (uses)	(156,141)	(20,000)	37,561	-	(10,000)	33,593	35,366	-	79,621	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(698,359)	(126,044)	(35,772)	50,186	(111,350)	(219,889)	(123,792)	31,516	67,194	(1,166,310)
Cash and investments - beginning	1,138,301	239,753	327,206	203,337	206,574	219,889	123,792	-	142,843	2,601,695
Cash and investments - ending	\$ 439,942	\$ 113,709	\$ 291,434	\$ 253,523	\$ 95,224	\$ -	\$ -	\$ 31,516	\$ 210,037	\$ 1,435,385
Cash and Investment Assets - Ending										
Cash and investments	\$ 439,942	\$ 113,709	\$ 291,434	\$ 253,523	\$ -	\$ -	\$ -	\$ 31,516	\$ 210,037	\$ 1,340,161
Restricted assets:										
Cash and investments	-	-	-	-	95,224	-	-	-	-	95,224
Total cash and investment assets - ending	\$ 439,942	\$ 113,709	\$ 291,434	\$ 253,523	\$ 95,224	\$ -	\$ -	\$ 31,516	\$ 210,037	\$ 1,435,385
Cash and Investment Fund Balance - Ending										
Restricted for:										
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 95,224	\$ -	\$ -	\$ -	\$ -	\$ 95,224
Unrestricted	439,942	113,709	291,434	253,523	-	-	-	31,516	210,037	1,340,161
Total cash and investment fund balance - ending	\$ 439,942	\$ 113,709	\$ 291,434	\$ 253,523	\$ 95,224	\$ -	\$ -	\$ 31,516	\$ 210,037	\$ 1,435,385

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

RANDOLPH EASTERN SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions	\$ 27,723	
Investment earnings	40,310	
Other trust fund additions	2,051	
Total additions	70,084	
Deductions:		
Scholarships and awards	76,062	
Other trust fund deductions	1,560	
Total deductions	77,622	
Excess (deficiency) of total additions over total deductions	(7,538)	
Cash and investment fund balance - beginning	1,025,246	
Cash and investment fund balance - ending	\$ 1,017,708	
Net assets:		
Cash and investments	\$ 1,017,708	\$ 75,131
Total net assets - cash and investment basis held in trust	\$ 1,017,708	\$ 75,131

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

RANDOLPH EASTERN SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2007

	Private-Purpose Trust Funds	Agency Fund
Additions:		
Contributions	\$ 23,008	
Investment earnings	51,332	
Other trust fund additions	2,700	
Total additions	77,040	
Deductions:		
Scholarships and awards	79,132	
Other trust fund deductions	1,146	
Total deductions	80,278	
Deficiency of total additions over total deductions	(3,238)	
Cash and investment fund balance - beginning	1,017,708	
Cash and investment fund balance - ending	\$ 1,014,470	
Net assets:		
Cash and investments	\$ 1,014,470	\$ 71,075
Total net assets - cash and investment basis held in trust	\$ 1,014,470	\$ 71,075

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

RANDOLPH EASTERN SCHOOL CORPORATION
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 entirely of the funds reported by its Treasurer. There are no other significant component units.

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

Joint Venture

The School Corporation is a participant with four other school corporations in a joint venture to operate Greater Randolph Interlocal Cooperative, which was created to provide instruction to handicapped students. The School Corporation is obligated by contract to remit its share of the Co-op's expenses. Complete financial statements for the Greater Randolph Interlocal Cooperative can be obtained from the joint venture's administrative office at 335 High Street, Winchester, IN 47394.

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation reports the following major governmental funds:

The general fund is the School Corporation's primary operating fund and accounts for all financial resources of the School Corporation, except those required to be accounted for in another fund.

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

The rainy day fund accounts for monies set aside for future severance/retirement payments for qualify certified employees and as a reserve for unforeseen emergency expenses.

The school lunch fund accounts for monies used to provide meals to students.

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

The construction fund is used to account for receipts and disbursements for construction and related capital expenses.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust funds account for endowments and other donations which primarily benefit graduating seniors who are furthering their education.

The sole agency fund accounts for payroll withholdings held by the School Corporation pending payment.

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the governmental funds and other fund types. Elimination of these charges would distort the direct costs and program receipts reported for the various functions concerned.

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

All balances consisted of cash. There were no investments at June 30, 2006 or 2007.

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. Due to a delay in completing the assessment process, most property taxes normally due by May 10 were neither collected nor available for distribution by June 30, 2007.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 8 to 12 days per year based on work schedules. Unused sick leave may be accumulated to a maximum of 90 days. Accumulated sick leave is not paid to employees.

b. Vacation Leave

Administrative and nonteaching employees earn vacation leave at rates from 10 days to 25 days per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 3 days per year. Unused personal leave is added to accumulated sick leave.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as support services 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."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

E. Receipts and Disbursements

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Activities and Net Assets – Cash and Investment Basis. The effects of interfund services between funds, if any, are not eliminated in the 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 July 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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

B. Interfund Transfers

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

Transfer From	Transfer To	2006	2007
General Fund	Rainy Day Fund	\$ -	\$ 100,000
General Fund	Other governmental funds	39,314	65,000
Transportation Operating Fund	Rainy Day Fund	10,000	20,000
Rainy Day Fund	School Bus Replacement Fund	-	35,366
Rainy Day Fund	Capital Projects Fund	-	33,593
Rainy Day Fund	Other governmental funds	328	23,808
Debt Service Fund	Rainy Day Fund	20,000	10,000
Other governmental funds	General Fund	1,407	8,859
Other governmental funds	Rainy Day Fund	-	328
Other governmental funds	Other governmental funds	17,357	13,933
Totals		<u>\$ 88,406</u>	<u>\$ 310,887</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by fund type.

Fund Type	Balance as Reported June 30, 2005	Fund Reclassification	Balance as Restated July 1, 2006
Governmental funds	\$ 2,475,997	\$ (3,053)	\$ 2,472,944
Private-purpose trust funds	1,022,193	3,053	1,025,246

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 Corporation

The School Corporation has entered into a capital lease with Randolph Eastern School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$75,000.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 61,261
Interest on net pension obligation	(5,156)
Adjustment to annual required contribution	5,876
Annual pension cost	61,981
Contributions made	62,493
Decrease in net pension obligation	(512)
Net pension obligation, beginning of year	(71,120)
Net pension obligation, end of year	\$ (71,632)
Contribution rates:	
School Corporation	6.75%
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%

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-04	\$ 47,276	118%	\$ (64,068)
	06-30-05	54,620	113%	(71,120)
	06-30-06	61,981	101%	(71,632)

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2007, 2006, and 2005, were \$105,139, \$92,939, and \$82,160, respectively. The School Corporation contributed 100% of the required contribution for each of the fiscal years.

RANDOLPH EASTERN SCHOOL CORPORATION
 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	\$ 869,041	\$ 967,620	\$ (98,579)	90%	\$ 841,873	(12%)
07-01-05	918,009	1,055,031	(137,022)	87%	900,504	(15%)
07-01-06	999,611	1,124,540	(124,929)	89%	967,085	(13%)

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 For the Year Ended June 30, 2006

	Special Education Pre-School	Textbook Rental	Joint Services and Supply - GRIC 04-05	Joint Services and Supply - GRIC 05-06	Educational License Plates	Safe Haven Grant	Reading Recovery/Early Intervention
Receipts:							
Local sources	\$ 5,177	\$ 46,112	\$ -	\$ 161,841	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	600	-	-
State sources	68,350	18,156	-	-	-	2,044	1,000
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	100	-	-	-	-	-
Total receipts	73,527	64,368	-	161,841	600	2,044	1,000
Disbursements:							
Current:							
Instruction	72,919	-	19,543	187,549	527	-	1,000
Support services	-	65,749	4,708	-	-	-	-
Community services	-	-	-	-	-	2,347	-
Debt services	-	-	-	-	-	-	-
Total disbursements	72,919	65,749	24,251	187,549	527	2,347	1,000
Excess (deficiency) of receipts over disbursements	608	(1,381)	(24,251)	(25,708)	73	(303)	-
Other financing sources (uses):							
Transfers in	-	-	-	8,859	-	456	-
Transfers out	-	-	-	-	-	(456)	-
Total other financing sources (uses)	-	-	-	8,859	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	608	(1,381)	(24,251)	(16,849)	73	(303)	-
Cash and investments - beginning	5,789	72,255	24,251	-	1,834	303	-
Cash and investments - ending	<u>\$ 6,397</u>	<u>\$ 70,874</u>	<u>\$ -</u>	<u>\$ (16,849)</u>	<u>\$ 1,907</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 6,397	\$ 70,874	\$ -	\$ (16,849)	\$ 1,907	\$ -	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 6,397	\$ 70,874	\$ -	\$ (16,849)	\$ 1,907	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	6,397	70,874	-	(16,849)	1,907	-	-
Total cash and investment fund balance - ending	\$ 6,397	\$ 70,874	\$ -	\$ (16,849)	\$ 1,907	\$ -	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 For the Year Ended June 30, 2006
 (Continued)

	W.L. Witters Biological Preserve	B. Everett Memorial Nature Program	Community Foundation	Gifted and Talented	Medicaid Reimbursement (State)	Non-English Speaking Program
Receipts:						
Local sources	\$ -	\$ -	\$ 3,000	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	11,873	129	350
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	315
Total receipts	-	-	3,000	11,873	129	665
Disbursements:						
Current:						
Instruction	-	-	1,925	11,873	-	668
Support services	-	-	-	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	1,925	11,873	-	668
Excess (deficiency) of receipts over disbursements	-	-	1,075	-	129	(3)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(952)	-
Total other financing sources (uses)	-	-	-	-	(952)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	1,075	-	(823)	(3)
Cash and investments - beginning	2,081	45	1,925	-	823	737
Cash and investments - ending	<u>\$ 2,081</u>	<u>\$ 45</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,081	\$ 45	\$ 3,000	\$ -	\$ -	\$ 734
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,081</u>	<u>\$ 45</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,081	45	3,000	-	-	734
Total cash and investment fund balance - ending	<u>\$ 2,081</u>	<u>\$ 45</u>	<u>\$ 3,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 734</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 For the Year Ended June 30, 2006
 (Continued)

	Technology	Heart Rate Monitors	Foreign Language Camp	Motion Fitness	Teacher Instruction Mini-Grant	Technology Pioneers
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	4,340	3,000	9,600	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	165	-
Total receipts	-	4,340	3,000	9,600	165	-
Disbursements:						
Current:						
Instruction	-	-	-	7,567	4,050	4,843
Support services	-	-	-	-	859	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	-	-	7,567	4,909	4,843
Excess (deficiency) of receipts over disbursements	-	4,340	3,000	2,033	(4,744)	(4,843)
Other financing sources (uses):						
Transfers in	-	-	-	-	20,000	10,000
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	20,000	10,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,340	3,000	2,033	15,256	5,157
Cash and investments - beginning	2	-	-	-	-	-
Cash and investments - ending	\$ 2	\$ 4,340	\$ 3,000	\$ 2,033	\$ 15,256	\$ 5,157
Cash and Investment Assets - Ending						
Cash and investments	\$ 2	\$ 4,340	\$ 3,000	\$ 2,033	\$ 15,256	\$ 5,157
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 2	\$ 4,340	\$ 3,000	\$ 2,033	\$ 15,256	\$ 5,157
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2	4,340	3,000	2,033	15,256	5,157
Total cash and investment fund balance - ending	\$ 2	\$ 4,340	\$ 3,000	\$ 2,033	\$ 15,256	\$ 5,157

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 For the Year Ended June 30, 2006
 (Continued)

	Women's Health Grant	Title I FY04	Title I FY05	Title V Part A	Drug Free 2004-05	Drug Free 2003-04
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	500	-	-	-	-	-
Federal sources	-	1,521	178,543	3,714	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>500</u>	<u>1,521</u>	<u>178,543</u>	<u>3,714</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	500	7,712	111,264	-	3,147	2,345
Support services	-	2,067	57,709	3,714	-	-
Community services	-	-	12,993	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>500</u>	<u>9,779</u>	<u>181,966</u>	<u>3,714</u>	<u>3,147</u>	<u>2,345</u>
Excess (deficiency) of receipts over disbursements	-	(8,258)	(3,423)	-	(3,147)	(2,345)
Other financing sources (uses):						
Transfers in	-	-	17,356	-	-	-
Transfers out	-	(17,356)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(17,356)</u>	<u>17,356</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(25,614)	13,933	-	(3,147)	(2,345)
Cash and investments - beginning	-	25,614	-	-	4,649	2,345
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,933</u>	<u>\$ -</u>	<u>\$ 1,502</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 13,933	\$ -	\$ 1,502	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,933</u>	<u>\$ -</u>	<u>\$ 1,502</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	13,933	-	1,502	-
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,933</u>	<u>\$ -</u>	<u>\$ 1,502</u>	<u>\$ -</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 For the Year Ended June 30, 2006
 (Continued)

	Perkins Tech Prep	Medicaid Reimbursement (Federal)	Title II Part A	Title II Part B	Retirement Severance Bonds	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 47,655	\$ 263,785
Intermediate sources	-	-	-	-	-	600
State sources	-	-	-	-	-	119,342
Federal sources	-	201	43,218	1,769	-	228,966
Sale of property, adjustments and refunds	-	-	-	-	-	580
Total receipts	-	201	43,218	1,769	47,655	613,273
Disbursements:						
Current:						
Instruction	665	8,081	27,162	-	-	473,340
Support services	-	1,338	-	4,425	-	140,569
Community services	-	-	-	-	-	15,340
Debt services	-	-	-	-	70,181	70,181
Total disbursements	665	9,419	27,162	4,425	70,181	699,430
Excess (deficiency) of receipts over disbursements	(665)	(9,218)	16,056	(2,656)	(22,526)	(86,157)
Other financing sources (uses):						
Transfers in	-	-	-	-	328	56,999
Transfers out	-	-	-	-	-	(18,764)
Total other financing sources (uses)	-	-	-	-	328	38,235
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(665)	(9,218)	16,056	(2,656)	(22,198)	(47,922)
Cash and investments - beginning	926	21,609	-	3,379	22,198	190,765
Cash and investments - ending	<u>\$ 261</u>	<u>\$ 12,391</u>	<u>\$ 16,056</u>	<u>\$ 723</u>	<u>\$ -</u>	<u>\$ 142,843</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 261	\$ 12,391	\$ 16,056	\$ 723	\$ -	\$ 142,843
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 261</u>	<u>\$ 12,391</u>	<u>\$ 16,056</u>	<u>\$ 723</u>	<u>\$ -</u>	<u>\$ 142,843</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	261	12,391	16,056	723	-	142,843
Total cash and investment fund balance - ending	<u>\$ 261</u>	<u>\$ 12,391</u>	<u>\$ 16,056</u>	<u>\$ 723</u>	<u>\$ -</u>	<u>\$ 142,843</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 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 Pre-School	Textbook Rental	Joint Services and Supply - GRIC 05-06	Joint Services and Supply - GRIC 06-07	Educational License Plates	Safe Haven Grant
Receipts:						
Local sources	\$ 3,137	\$ 64,017	\$ 40,460	\$ 164,364	\$ -	\$ -
Intermediate sources	-	-	-	-	656	-
State sources	64,093	20,421	-	-	-	4,454
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	100	-	-	-	-
Total receipts	<u>67,230</u>	<u>84,538</u>	<u>40,460</u>	<u>164,364</u>	<u>656</u>	<u>4,454</u>
Disbursements:						
Current:						
Instruction	68,750	-	14,752	168,275	-	-
Support services	-	87,733	-	-	-	-
Community services	-	-	-	-	-	4,075
Debt services	-	-	-	-	-	-
Total disbursements	<u>68,750</u>	<u>87,733</u>	<u>14,752</u>	<u>168,275</u>	<u>-</u>	<u>4,075</u>
Excess (deficiency) of receipts over disbursements	<u>(1,520)</u>	<u>(3,195)</u>	<u>25,708</u>	<u>(3,911)</u>	<u>656</u>	<u>379</u>
Other financing sources (uses):						
Transfers in	-	-	-	3,911	-	-
Transfers out	-	-	(8,859)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(8,859)</u>	<u>3,911</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,520)</u>	<u>(3,195)</u>	<u>16,849</u>	<u>-</u>	<u>656</u>	<u>379</u>
Cash and investments - beginning	<u>6,397</u>	<u>70,874</u>	<u>(16,849)</u>	<u>-</u>	<u>1,907</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,877</u>	<u>\$ 67,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 379</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,877	\$ 67,679	\$ -	\$ -	\$ 2,563	\$ 379
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,877</u>	<u>\$ 67,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 379</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>4,877</u>	<u>67,679</u>	<u>-</u>	<u>-</u>	<u>2,563</u>	<u>379</u>
Total cash and investment fund balance - ending	<u>\$ 4,877</u>	<u>\$ 67,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,563</u>	<u>\$ 379</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 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)

	Wal-Mart Community Grant	Elks Library Donation	Wind Energy System	Energy Project	W.L. Witters Biological Preserve	B. Everett Memorial Nature Program
Receipts:						
Local sources	\$ 500	\$ 200	\$ 10,000	\$ 40,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	500	200	10,000	40,000	-	-
Disbursements:						
Current:						
Instruction	500	-	-	-	-	-
Support services	-	-	-	13,790	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	500	-	-	13,790	-	-
Excess (deficiency) of receipts over disbursements	-	200	10,000	26,210	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	200	10,000	26,210	-	-
Cash and investments - beginning	-	-	-	-	2,081	45
Cash and investments - ending	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 10,000</u>	<u>\$ 26,210</u>	<u>\$ 2,081</u>	<u>\$ 45</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 200	\$ 10,000	\$ 26,210	\$ 2,081	\$ 45
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 10,000</u>	<u>\$ 26,210</u>	<u>\$ 2,081</u>	<u>\$ 45</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	200	10,000	26,210	2,081	45
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 200</u>	<u>\$ 10,000</u>	<u>\$ 26,210</u>	<u>\$ 2,081</u>	<u>\$ 45</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 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)

	Community Foundation	Gifted and Talented	Non-English Speaking Program	Technology	Buddy System Project	Techology Plan Grant
Receipts:						
Local sources	\$ 2,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	11,873	332	-	1,900	62,313
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	1,952	-	-	-	-	-
Total receipts	3,952	11,873	332	-	1,900	62,313
Disbursements:						
Current:						
Instruction	6,952	11,553	318	-	-	-
Support services	-	-	-	2	-	52,812
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	6,952	11,553	318	2	-	52,812
Excess (deficiency) of receipts over disbursements	(3,000)	320	14	(2)	1,900	9,501
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,000)	320	14	(2)	1,900	9,501
Cash and investments - beginning	3,000	-	734	2	-	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 9,501</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 320	\$ 748	\$ -	\$ 1,900	\$ 9,501
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 9,501</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	320	748	-	1,900	9,501
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 320</u>	<u>\$ 748</u>	<u>\$ -</u>	<u>\$ 1,900</u>	<u>\$ 9,501</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 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)

	Heart Rate Monitors	Foreign Language Camp	Motion Fitness	Teacher Instruction Mini-Grant	Technology Pioneers	Title I FY05
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 10,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	1,000	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	1,161	-
Total receipts	-	-	1,000	10,000	1,161	-
Disbursements:						
Current:						
Instruction	4,340	2,964	1,499	29,099	15,804	-
Support services	-	-	-	1,895	4,054	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	4,340	2,964	1,499	30,994	19,858	-
Excess (deficiency) of receipts over disbursements	(4,340)	(2,964)	(499)	(20,994)	(18,697)	-
Other financing sources (uses):						
Transfers in	-	-	-	40,000	25,000	-
Transfers out	-	-	-	-	-	(13,933)
Total other financing sources (uses)	-	-	-	40,000	25,000	(13,933)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,340)	(2,964)	(499)	19,006	6,303	(13,933)
Cash and investments - beginning	4,340	3,000	2,033	15,256	5,157	13,933
Cash and investments - ending	\$ -	\$ 36	\$ 1,534	\$ 34,262	\$ 11,460	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 36	\$ 1,534	\$ 34,262	\$ 11,460	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 36	\$ 1,534	\$ 34,262	\$ 11,460	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	36	1,534	34,262	11,460	-
Total cash and investment fund balance - ending	\$ -	\$ 36	\$ 1,534	\$ 34,262	\$ 11,460	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 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 I FY06	Title V Part A	Drug Free 2005-06	Drug Free 2004-05	Drug Free 2006-07	Perkins Tech Prep
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	197,999	1,863	5,981	-	1,800	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	197,999	1,863	5,981	-	1,800	-
Disbursements:						
Current:						
Instruction	134,577	-	895	1,502	1,690	261
Support services	48,329	405	-	-	-	-
Community services	10,854	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	193,760	405	895	1,502	1,690	261
Excess (deficiency) of receipts over disbursements	4,239	1,458	5,086	(1,502)	110	(261)
Other financing sources (uses):						
Transfers in	13,933	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	13,933	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	18,172	1,458	5,086	(1,502)	110	(261)
Cash and investments - beginning	-	-	-	1,502	-	261
Cash and investments - ending	\$ 18,172	\$ 1,458	\$ 5,086	\$ -	\$ 110	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 18,172	\$ 1,458	\$ 5,086	\$ -	\$ 110	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 18,172	\$ 1,458	\$ 5,086	\$ -	\$ 110	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	18,172	1,458	5,086	-	110	-
Total cash and investment fund balance - ending	\$ 18,172	\$ 1,458	\$ 5,086	\$ -	\$ 110	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 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)

	Medicaid Reimbursement (Federal)	Alternative Power & Energy	Title II Part A	Title II Part D	Retirement Severance Bonds	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 30,272	\$ 364,950
Intermediate sources	-	-	-	-	-	656
State sources	-	-	-	-	-	166,386
Federal sources	-	18,300	43,279	3,627	-	272,849
Sale of property, adjustments and refunds	-	-	-	-	-	3,213
Total receipts	-	18,300	43,279	3,627	30,272	808,054
Disbursements:						
Current:						
Instruction	8,325	-	59,335	-	-	531,391
Support services	37	13,193	-	2,070	-	224,320
Community services	-	-	-	-	-	14,929
Debt services	-	-	-	-	49,841	49,841
Total disbursements	8,362	13,193	59,335	2,070	49,841	820,481
Excess (deficiency) of receipts over disbursements	(8,362)	5,107	(16,056)	1,557	(19,569)	(12,427)
Other financing sources (uses):						
Transfers in	-	-	-	-	19,897	102,741
Transfers out	-	-	-	-	(328)	(23,120)
Total other financing sources (uses)	-	-	-	-	19,569	79,621
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,362)	5,107	(16,056)	1,557	-	67,194
Cash and investments - beginning	12,391	-	16,056	723	-	142,843
Cash and investments - ending	<u>\$ 4,029</u>	<u>\$ 5,107</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ -</u>	<u>\$ 210,037</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 4,029	\$ 5,107	\$ -	\$ 2,280	\$ -	\$ 210,037
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 4,029</u>	<u>\$ 5,107</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ -</u>	<u>\$ 210,037</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	4,029	5,107	-	2,280	-	210,037
Total cash and investment fund balance - ending	<u>\$ 4,029</u>	<u>\$ 5,107</u>	<u>\$ -</u>	<u>\$ 2,280</u>	<u>\$ -</u>	<u>\$ 210,037</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	Happy Trails Scholarship	Perry L. Powers Scholarship	Kenneth C. Hinshaw Scholarship	Martha Goodman Scholarship	John D. Wilson Scholarship	Steve Reish Athletic Scholarship
Additions: Contributions Investment earnings Other trust fund additions Total additions	\$ 3,255 268 - <hr/> 3,523	\$ - - - <hr/> -	\$ - 11,131 1,000 <hr/> 12,131	\$ 5,281 - - <hr/> 5,281	\$ 9,037 125 1,051 <hr/> 10,213	\$ - 148 - <hr/> 148
Deductions: Scholarships and awards Agency fund deductions Total deductions	2,800 - <hr/> 2,800	- - <hr/> -	33,000 - <hr/> 33,000	7,100 - <hr/> 7,100	9,462 - <hr/> 9,462	500 - <hr/> 500
Excess (deficiency) of total additions over total deductions	723	-	(20,869)	(1,819)	751	(352)
Cash and investment fund balance - beginning	<u>6,354</u>	<u>750</u>	<u>292,620</u>	<u>103,221</u>	<u>8,376</u>	<u>3,948</u>
Cash and Investments - June 30	<u>\$ 7,077</u>	<u>\$ 750</u>	<u>\$ 271,751</u>	<u>\$ 101,402</u>	<u>\$ 9,127</u>	<u>\$ 3,596</u>
Net assets: Cash and investments	\$ 7,077	\$ 750	\$ 271,751	\$ 101,402	\$ 9,127	\$ 3,596
Total net assets - cash and investment basis held in trust	<u>\$ 7,077</u>	<u>\$ 750</u>	<u>\$ 271,751</u>	<u>\$ 101,402</u>	<u>\$ 9,127</u>	<u>\$ 3,596</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Harry & June Loy Scholarship	Mary Lou Fulk Memorial Scholarship	Edith Winn Scholarship	Clyde & Sarah Wise Scholarship	Claudia B. Wise Scholarship	Steve Hinshaw Humanitarian Award
Additions:						
Contributions	\$ -	\$ 3,050	\$ -	\$ -	\$ -	\$ 7,000
Investment earnings	2,706	36	2,369	1,896	14,956	925
Other trust fund additions	-	-	-	-	-	-
Total additions	<u>2,706</u>	<u>3,086</u>	<u>2,369</u>	<u>1,896</u>	<u>14,956</u>	<u>7,925</u>
Deductions:						
Scholarships and awards	2,000	-	1,500	1,200	10,500	1,000
Agency fund deductions	-	-	-	-	-	-
Total deductions	<u>2,000</u>	<u>-</u>	<u>1,500</u>	<u>1,200</u>	<u>10,500</u>	<u>1,000</u>
Excess (deficiency) of total additions over total deductions	706	3,086	869	696	4,456	6,925
Cash and investment fund balance - beginning	<u>65,667</u>	<u>-</u>	<u>57,245</u>	<u>45,818</u>	<u>283,476</u>	<u>21,430</u>
Cash and Investments - June 30	<u>\$ 66,373</u>	<u>\$ 3,086</u>	<u>\$ 58,114</u>	<u>\$ 46,514</u>	<u>\$ 287,932</u>	<u>\$ 28,355</u>
Net assets:						
Cash and investments	\$ 66,373	\$ 3,086	\$ 58,114	\$ 46,514	\$ 287,932	\$ 28,355
Total net assets - cash and investment basis held in trust	<u>\$ 66,373</u>	<u>\$ 3,086</u>	<u>\$ 58,114</u>	<u>\$ 46,514</u>	<u>\$ 287,932</u>	<u>\$ 28,355</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Herman Hummel Memorial	Carl Keller Scholarship	Otis T. Brown Memorial	Charles Perry Valedictorian Award	Mark Welch Memorial	Totals
Additions:						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ 100	\$ 27,723
Investment earnings	-	3,960	44	1,469	277	40,310
Other trust fund additions	-	-	-	-	-	2,051
Total additions	-	3,960	44	1,469	377	70,084
Deductions:						
Scholarships and awards	-	4,900	-	1,600	500	76,062
Agency fund deductions	-	-	1,560	-	-	1,560
Total deductions	-	4,900	1,560	1,600	500	77,622
Excess (deficiency) of total additions over total deductions	-	(940)	(1,516)	(131)	(123)	(7,538)
Cash and investment fund balance - beginning	50	99,917	1,518	27,889	6,967	1,025,246
Cash and Investments - June 30	<u>\$ 50</u>	<u>\$ 98,977</u>	<u>\$ 2</u>	<u>\$ 27,758</u>	<u>\$ 6,844</u>	<u>\$ 1,017,708</u>
Net assets:						
Cash and investments	\$ 50	\$ 98,977	\$ 2	\$ 27,758	\$ 6,844	\$ 1,017,708
Total net assets - cash and investment basis held in trust	<u>\$ 50</u>	<u>\$ 98,977</u>	<u>\$ 2</u>	<u>\$ 27,758</u>	<u>\$ 6,844</u>	<u>\$ 1,017,708</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	Happy Trails Scholarship	Perry L. Powers Scholarship	Kenneth C. Hinshaw Scholarship	Martha Goodman Scholarship	John D. Wilson Scholarship	Steve Reish Athletic Scholarship
Additions:						
Contributions	\$ 7,600	\$ -	\$ -	\$ -	\$ 8,808	\$ -
Investment earnings	304	-	13,135	5,139	121	169
Other trust fund additions	-	-	-	700	-	-
Total additions	<u>7,904</u>	<u>-</u>	<u>13,135</u>	<u>5,839</u>	<u>8,929</u>	<u>169</u>
Deductions:						
Scholarships and awards	4,200	-	32,000	6,300	9,141	500
Agency fund deductions	1,144	-	-	-	-	-
Total deductions	<u>5,344</u>	<u>-</u>	<u>32,000</u>	<u>6,300</u>	<u>9,141</u>	<u>500</u>
Excess (deficiency) of total additions over total deductions	2,560	-	(18,865)	(461)	(212)	(331)
Cash and investment fund balance - beginning	<u>7,077</u>	<u>750</u>	<u>271,751</u>	<u>101,402</u>	<u>9,127</u>	<u>3,596</u>
Cash and Investments - June 30	<u>\$ 9,637</u>	<u>\$ 750</u>	<u>\$ 252,886</u>	<u>\$ 100,941</u>	<u>\$ 8,915</u>	<u>\$ 3,265</u>
Net assets:						
Cash and investments	\$ 9,637	\$ 750	\$ 252,886	\$ 100,941	\$ 8,915	\$ 3,265
Total net assets - cash and investment basis held in trust	<u>\$ 9,637</u>	<u>\$ 750</u>	<u>\$ 252,886</u>	<u>\$ 100,941</u>	<u>\$ 8,915</u>	<u>\$ 3,265</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Harry & June Loy Scholarship	Mary Lou Fulk Memorial Scholarship	Edith Winn Scholarship	Clyde & Sarah Wise Scholarship	Claudia B. Wise Scholarship	Steve Hinshaw Humanitarian Award
Additions:						
Contributions	\$ -	\$ 2,600	\$ -	\$ -	\$ -	\$ 4,000
Investment earnings	3,510	41	3,086	2,480	14,742	1,499
Other trust fund additions	-	-	-	-	-	-
Total additions	<u>3,510</u>	<u>2,641</u>	<u>3,086</u>	<u>2,480</u>	<u>14,742</u>	<u>5,499</u>
Deductions:						
Scholarships and awards	2,000	3,091	1,500	1,200	12,000	2,000
Agency fund deductions	-	-	-	-	-	-
Total deductions	<u>2,000</u>	<u>3,091</u>	<u>1,500</u>	<u>1,200</u>	<u>12,000</u>	<u>2,000</u>
Excess (deficiency) of total additions over total deductions	1,510	(450)	1,586	1,280	2,742	3,499
Cash and investment fund balance - beginning	<u>66,373</u>	<u>3,086</u>	<u>58,114</u>	<u>46,514</u>	<u>287,932</u>	<u>28,355</u>
Cash and Investments - June 30	<u>\$ 67,883</u>	<u>\$ 2,636</u>	<u>\$ 59,700</u>	<u>\$ 47,794</u>	<u>\$ 290,674</u>	<u>\$ 31,854</u>
Net assets:						
Cash and investments	<u>\$ 67,883</u>	<u>\$ 2,636</u>	<u>\$ 59,700</u>	<u>\$ 47,794</u>	<u>\$ 290,674</u>	<u>\$ 31,854</u>
Total net assets - cash and investment basis held in trust	<u>\$ 67,883</u>	<u>\$ 2,636</u>	<u>\$ 59,700</u>	<u>\$ 47,794</u>	<u>\$ 290,674</u>	<u>\$ 31,854</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Herman Hummel Memorial	Carl Keller Scholarship	Otis T. Brown Memorial	Charles Perry Valedictorian Award	Mark Welch Memorial	Totals
Additions:						
Contributions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 23,008
Investment earnings	-	5,329	-	1,430	347	51,332
Other trust fund additions	-	2,000	-	-	-	2,700
Total additions	-	7,329	-	1,430	347	77,040
Deductions:						
Scholarships and awards	-	2,900	-	1,800	500	79,132
Agency fund deductions	-	-	2	-	-	1,146
Total deductions	-	2,900	2	1,800	500	80,278
Excess (deficiency) of total additions over total deductions	-	4,429	(2)	(370)	(153)	(3,238)
Cash and investment fund balance - beginning	50	98,977	2	27,758	6,844	1,017,708
Cash and Investments - June 30	<u>\$ 50</u>	<u>\$ 103,406</u>	<u>\$ -</u>	<u>\$ 27,388</u>	<u>\$ 6,691</u>	<u>\$ 1,014,470</u>
Net assets:						
Cash and investments	<u>\$ 50</u>	<u>\$ 103,406</u>	<u>\$ -</u>	<u>\$ 27,388</u>	<u>\$ 6,691</u>	<u>\$ 1,014,470</u>
Total net assets - cash and investment basis held in trust	<u>\$ 50</u>	<u>\$ 103,406</u>	<u>\$ -</u>	<u>\$ 27,388</u>	<u>\$ 6,691</u>	<u>\$ 1,014,470</u>

RANDOLPH EASTERN SCHOOL CORPORATION
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:	
Land	\$ 133,970
Buildings	8,283,298
Improvements other than buildings	1,255,807
Machinery and equipment	767,731
Transportation equipment	781,502
Construction in progress	<u>5,952,112</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 17,174,420</u></u>

RANDOLPH EASTERN SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The school corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
General obligation bonds payable:		
2003 qualified zone academy bonds	\$ 712,500	\$ 75,000
2004 pension bonds	320,000	40,000
2006 qualified zone academy bonds	1,720,000	-
Notes and loans payable:		
2004 Common School Fund loan	3,690,049	132,833
2006 Common School Fund loan	4,000,000	50,000
Energy savings contract loan	923,174	92,640
Total governmental activities debt	\$ 11,365,723	\$ 390,473

RANDOLPH EASTERN SCHOOL CORPORATION
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCE

The Joint Services and Supply Fund had a deficit cash balance of \$16,849 at June 30, 2006.

The cash balance of any fund may not be reduced below zero. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE RANDOLPH EASTERN SCHOOL
CORPORATION, RANDOLPH COUNTY, INDIANA

Compliance

We have audited the compliance of the Randolph Eastern School Corporation (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

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

STATE BOARD OF ACCOUNTS

December 10, 2007

RANDOLPH EASTERN SCHOOL CORPORATION
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 AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 2005-06	\$ 41,563	\$ -
		FY 2006-07	-	45,948
			<u>41,563</u>	<u>45,948</u>
Total for program			<u>41,563</u>	<u>45,948</u>
National School Lunch Program				
	10.555			
		FY 2005-06	181,872	-
		FY 2006-07	-	201,575
			<u>181,872</u>	<u>201,575</u>
Total for program			<u>181,872</u>	<u>201,575</u>
Special Milk Program for Children				
	10.556			
		FY 2005-06	2,118	-
		FY 2006-07	-	1,939
			<u>2,118</u>	<u>1,939</u>
Total for program			<u>2,118</u>	<u>1,939</u>
Total for federal grantor agency			<u>225,553</u>	<u>249,462</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Greater Randolph Interlocal Cooperative				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14205-066-PN01	24,251	-
		14206-066-PY02	178,690	23,611
		14207-066-PN01	-	191,886
			<u>202,941</u>	<u>215,497</u>
Total for program			<u>202,941</u>	<u>215,497</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		05-6835	9,780	-
		06-6835	181,966	-
		07-6835	-	193,759
			<u>191,746</u>	<u>193,759</u>
Total for program			<u>191,746</u>	<u>193,759</u>
Impact Aid				
	84.041			
		7-APE-011	-	13,194
Total for program			<u>-</u>	<u>13,194</u>
Vocational Education - Basic Grants to States				
	84.048			
		04-6835	665	260
Total for program			<u>665</u>	<u>260</u>
Safe and Drug Free Schools and Communities				
	84.186			
		03-095	2,345	-
		01-018	3,147	1,502
		6835-05	-	895
		6835-06	-	1,690
			<u>5,492</u>	<u>4,087</u>
Total for program			<u>5,492</u>	<u>4,087</u>
State Grants for Innovative Programs				
	84.298			
		05-026	3,714	-
		06-6835	-	405
			<u>3,714</u>	<u>405</u>
Total for program			<u>3,714</u>	<u>405</u>
Education Technology State Grants				
	84.318			
		SY02-03	4,425	2,070
Total for program			<u>4,425</u>	<u>2,070</u>
Improving Teacher Quality State Grants				
	84.367			
		05-031	27,162	16,056
		06-6835	-	43,279
			<u>27,162</u>	<u>59,335</u>
Total for program			<u>27,162</u>	<u>59,335</u>
Total for federal grantor agency			<u>436,145</u>	<u>488,607</u>
Total federal awards expended			<u>\$ 661,698</u>	<u>\$ 738,069</u>

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

RANDOLPH EASTERN SCHOOL CORPORATION
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 Randolph Eastern School Corporation (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 schools 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, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	Year Ended June 30, 2006	Year Ended June 30, 2007
Child Nutrition Cluster	10.555	\$ 14,503	\$ 13,692

RANDOLPH EASTERN SCHOOL CORPORATION
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
Reportable conditions 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
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Program:

Name of Federal Program or Cluster

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

RANDOLPH EASTERN SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

RANDOLPH EASTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 10, 2007, with Cathy A. Stephen, Superintendent of Schools; Brenda R. Peacock, Treasurer; and Rob K. Loesch, President of the School Board. The official response has been made a part of this report and may be found on page 53.

ROB K. LOESCH, PRESIDENT
SCOTT L. BYRUM, VICE PRESIDENT

GREGORY S. WHITESEL, SECRETARY
WENDY SMITH, MEMBER
KURT L. PRESCOTT, MEMBER



RANDOLPH EASTERN SCHOOL CORPORATION

907 NORTH PLUM STREET
UNION CITY, INDIANA 47390-1097
PHONE 765/964-4994 FAX 765/964-6590

CATHY A. STEPHEN, SUPERINTENDENT

BRENDA PEACOCK, TREASURER
LINDA WOOD, SECRETARY

December 11, 2007

Dear State Board of Accounts:

The recent audit of Randolph Eastern School Corporation resulted in one audit comment. The Joint Service and Supply Fund had a deficit cash balance of \$16,849 on June 30, 2006. 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. This particular fund is a "pass-through" account from the Greater Randolph Interlocal Cooperative. This fund is federal money that comes from the state to GRIC, based on a budget that each of the GRIC member schools submits. The original budget was submitted as requested for a twelve month period. This account pays for salaries of special education staff and for services for special education students.

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 caused the deficit of \$16,849. Randolph Eastern left the account with a negative balance at the end of June to show the state and our Interlocal how changes in the budgeting process after the fact affect schools.

We believe that 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 their actions, such as delayed payments.

Sincerely,

A handwritten signature in cursive script that reads "Cathy A. Stephen".

Cathy A. Stephen
Superintendent

"EXCELLENCE IN EDUCATION"