

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

RANDOLPH EASTERN SCHOOL CORPORATION
RANDOLPH COUNTY, INDIANA

July 1, 2009 to June 30, 2011



FILED

03/20/2012

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda R. Peacock	07-01-09 to 06-30-12
Superintendent of Schools	Cathy A. Stephen Brent M. Lehman	07-01-09 to 06-30-10 07-01-10 to 06-30-12
President of the School Board	Scott Byrum Kurt Prescott	07-01-09 to 06-30-10 07-01-10 to 12-31-12



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENT
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 statement of the Randolph Eastern School Corporation (School Corporation), for the years ended June 30, 2010 and 2011. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. 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 opinion.

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

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the years ended June 30, 2010 and 2011, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2012, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of

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

States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information has been subjected to the auditing procedures applied in the audit of the financial statement and, in our opinion, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis, 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 financial statement and, accordingly, we express no opinion on them.

The School Corporation's response to the Audit Results and Comments 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, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2012



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

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

We have audited the financial statement of the Randolph Eastern School Corporation (School Corporation), for the years ended June 30, 2010 and 2011, and have issued our report thereon dated February 7, 2012. 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 opinion on the financial statement, 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over financial reporting, which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-1, that we consider to be significant deficiencies in internal control over financial reporting. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Compliance and Other Matters

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

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. 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, School Board, others within the entity, federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. In accordance with Indiana Code 5-11-5-1, this report is a part of the public records of the State Board of Accounts and of the office examined.

STATE BOARD OF ACCOUNTS

February 7, 2012

FINANCIAL STATEMENT

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

RANDOLPH EASTERN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS

For the Years Ended June 30, 2010 and 2011

	Cash and Investments 07-01-09		Other Financing Sources (Uses)		Cash and Investments 06-30-10		Other Financing Sources (Uses)		Cash and Investments 06-30-11	
	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements	Receipts	Disbursements
General	\$ 563,157	\$ 6,735,982	\$ 6,169,440	\$ (99,086)	\$ 1,030,613	\$ 6,734,823	\$ 6,430,082	\$ (299,989)	\$ 1,035,365	
Debt Service	65,556	1,078,674	733,879	-	410,351	731,596	695,119	1,595	448,423	
Retirement/Severance Bond Debt Service	-	85,430	50,405	(2,804)	32,221	48,508	48,736	-	31,993	
Capital Projects	-	1,058,958	514,750	(166,537)	377,671	577,375	804,454	1,383	151,975	
School Transportation	-	609,149	379,594	(40,154)	189,401	439,684	371,112	10,221	268,194	
School Bus Replacement	31,738	99,554	74,092	-	57,200	50,807	-	176	108,183	
Special Education Preschool	5,060	33,000	33,000	(5,060)	-	-	-	-	-	
Rainy Day	526,035	54,415	391,397	309,494	498,547	-	239,871	323,580	582,256	
School Lunch	279,798	489,383	516,507	-	252,674	471,035	503,256	-	220,453	
Textbook Rental	109,527	72,421	66,032	-	115,916	76,006	72,536	-	119,386	
Levy Excess	-	-	-	-	-	8,974	-	(8,974)	-	
Educational License Plates	2,661	112	347	-	2,426	206	542	-	2,090	
Community Grant (Walmart)	162	-	162	-	-	-	-	-	-	
Happy Trails Scholarship	8,576	1,015	7,200	-	2,391	6	800	-	1,597	
Powers Scholarship	750	-	-	-	750	-	-	-	750	
Wind Energy System	10,000	-	-	-	10,000	12,500	22,500	-	-	
Energy Project (Ball Brothers)	11,763	-	3,293	-	8,470	-	7,200	-	1,270	
Martha Harrison Vocational	129	1,000	129	-	1,000	1,000	1,290	-	710	
Science Camp	-	-	-	-	-	4,000	1,913	-	2,087	
Adult and Continuing Education	-	7,200	996	-	6,204	-	5,804	-	400	
Kenneth Hinshaw Scholarship	206,294	6,202	34,000	-	178,496	3,597	35,000	-	147,093	
Martha Goodman Scholarship	94,847	1,144	4,200	-	91,791	350	5,600	-	86,541	
John D Wilson Scholarship	10,225	6,866	10,226	-	6,865	6,591	6,866	-	6,590	
David & Carol Young Scholarship	24,811	37,051	26,145	-	35,717	50,260	43,070	-	42,907	
Steve Reish Athletic Scholarship	2,685	28	500	-	2,213	6	500	-	1,719	
Harry & June Loy Scholarship	69,280	847	2,000	-	68,127	266	2,000	-	66,393	
Mary Lou Fulk Memorial Scholarship	2,002	2,002	2,002	-	2,002	1,001	2,002	-	1,001	
Edith Winn Scholarship	61,478	755	1,500	-	60,733	238	1,500	-	59,471	
Clyde & Sarah Wise Scholarship	49,214	605	1,200	-	48,619	190	1,200	-	47,609	
Claudia B. Wise Scholarship	285,894	3,456	12,000	-	277,350	1,074	12,000	-	266,424	
Steve Hinshaw Humanitarian	36,420	434	2,000	-	34,854	4,141	2,000	-	36,995	
Estate of Herman H Hummel	50	-	50	-	-	-	-	-	-	
Carl & Virginia Keller Scholarship	106,194	1,253	4,500	-	102,947	906	2,500	-	101,353	
Perry Valedictorian Award	27,547	334	1,000	-	26,881	104	1,000	-	25,985	
W L Witters Biological Preserve	2,081	-	-	-	2,081	-	-	-	2,081	
B Everett Memorial Nature Program	45	-	-	-	45	-	-	-	45	
Community Foundation/Literacy Coalition	443	2,250	1,495	-	1,198	563	1,402	-	359	
Mark Welch Memorial	6,189	72	500	-	5,761	21	500	-	5,282	

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

RANDOLPH EASTERN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2010 and 2011
(Continued)

	Cash and Investments 07-01-09	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11
Gifted Talented High Ability Grant 08-09	8,778	-	8,778	-	-	-	-	-	-
Gifted Talented High Ability Grant 09-10	-	29,297	23,346	-	5,951	-	5,951	-	-
Instruction Support	-	-	-	-	-	28,858	28,858	-	-
Medicaid Reimbursement	-	-	-	-	-	2,406	1,941	-	465
Non-English Speaking Programs P.L. 273-1999	-	9,691	9,691	-	-	628	628	-	-
Non-English Speaking Programs P.L. 2010-11	-	-	-	-	-	5,898	5,898	-	-
School Technology	-	-	-	-	-	3,288	3,241	-	47
Access Indiana	2,500	-	2,250	-	250	-	250	-	-
Rural Capacity Grant	-	72,449	37,767	-	34,682	42,500	77,182	-	-
Wellness Grant 08-09	6,438	-	6,438	-	-	-	-	-	-
Wellness Grant 09-10	-	10,501	5,394	-	5,107	-	5,107	-	-
Wellness Grant 10-11	-	-	-	-	-	10,500	3,671	-	6,829
McDonald's Grant	-	494	494	-	-	-	-	-	-
Excess PTRC Distributions	-	-	-	4,146	4,146	-	-	(4,146)	-
Teacher Instruction Mini-Grant	6,818	5,095	4,492	-	7,421	739	1,885	-	6,275
Technology Pioneers	2,063	-	1,846	-	217	-	217	-	-
Consolidation Study	4,339	-	2,732	-	1,607	-	1,309	-	298
Title I. P.L. 107-110	47,327	-	38,519	(8,808)	-	-	-	-	-
Title I FY10	-	242,778	239,271	8,807	12,314	25,943	38,257	-	-
Title I P.L. 107-110	-	-	-	-	-	208,867	208,867	-	-
Title V, Part A	709	-	709	-	-	-	-	-	-
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	205,163	205,163	-	-	-	-	-	-
IDEA Part B, P.L. 105-17	-	-	-	-	-	210,014	210,014	-	-
Drug Free 2009-10	-	1,400	475	-	925	2,065	2,990	-	-
Drug Free 2008-09	1,450	1,798	3,248	-	-	-	-	-	-
Medicaid Reimbursement - Federal	379	-	84	-	295	5,445	756	-	4,984
Other Federal Programs	550	-	-	-	550	-	550	-	-
Improving Teaching Quality, No Child Left, Title II, Part A	738	41,840	36,071	-	6,507	10,000	16,507	-	-
Title II, 2010-11	-	-	-	-	-	22,745	22,745	-	-
Rural Schools and Low Income Program - Pass Through State	25,209	-	25,209	-	-	25,313	25,313	-	-
Fiscal Stabilization - Education	287,972	192,617	480,589	-	-	-	-	-	-
Title I - Grants to LEAs	-	88,081	87,374	-	707	34,452	35,154	(5)	-
Special Education - Part B	-	134,212	134,212	-	-	127,657	104,071	(23,586)	-
School Lunch Equipment	-	14,000	14,000	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	28,851	28,838	-	13
Totals	\$ 2,995,881	\$ 11,439,008	\$ 10,412,693	\$ (2)	\$ 4,022,194	\$ 10,021,997	\$ 10,152,555	\$ 255	\$ 3,891,891

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statement presents the financial information for the School Corporation (primary government).

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

F. Other financing sources and uses

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

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 4. Deposits and Investments

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Funding Policy and Annual Pension Cost

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

B. Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 563,157	\$ 65,556	\$ -	\$ -	\$ -	\$ 31,738	\$ 5,060	\$ 526,035	\$ 279,798	\$ 109,527
Receipts:										
Local sources	102,684	1,003,738	70,430	977,395	609,149	99,554	-	54,415	146,629	39,387
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,633,098	74,936	15,000	79,196	-	-	33,000	-	4,250	32,934
Federal sources	-	-	-	-	-	-	-	-	338,299	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	200	-	-	2,367	-	-	-	-	205	100
Total receipts	<u>6,735,982</u>	<u>1,078,674</u>	<u>85,430</u>	<u>1,058,958</u>	<u>609,149</u>	<u>99,554</u>	<u>33,000</u>	<u>54,415</u>	<u>489,383</u>	<u>72,421</u>
Disbursements:										
Current:										
Instruction	4,294,137	-	-	-	-	-	-	-	-	-
Support services	1,666,447	-	-	265,927	379,594	74,092	-	41,361	205	66,032
Noninstructional services	94,392	-	-	-	-	-	-	-	516,302	-
Facilities acquisition and construction	-	-	-	248,823	-	-	-	335,400	-	-
Debt services	-	733,879	50,405	-	-	-	-	-	-	-
Nonprogrammed charges	114,464	-	-	-	-	-	33,000	-	-	-
Interfund loans	-	-	-	-	-	-	-	14,636	-	-
Total disbursements	<u>6,169,440</u>	<u>733,879</u>	<u>50,405</u>	<u>514,750</u>	<u>379,594</u>	<u>74,092</u>	<u>33,000</u>	<u>391,397</u>	<u>516,507</u>	<u>66,032</u>
Excess (deficiency) of receipts over disbursements	<u>566,542</u>	<u>344,795</u>	<u>35,025</u>	<u>544,208</u>	<u>229,555</u>	<u>25,462</u>	<u>-</u>	<u>(336,982)</u>	<u>(27,124)</u>	<u>6,389</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	5,060	-	-	-	-	-	-	309,494	-	-
Transfers out	(104,146)	-	(2,804)	(166,537)	(40,154)	-	(5,060)	-	-	-
Total other financing sources (uses)	<u>(99,086)</u>	<u>-</u>	<u>(2,804)</u>	<u>(166,537)</u>	<u>(40,154)</u>	<u>-</u>	<u>(5,060)</u>	<u>309,494</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>467,456</u>	<u>344,795</u>	<u>32,221</u>	<u>377,671</u>	<u>189,401</u>	<u>25,462</u>	<u>(5,060)</u>	<u>(27,488)</u>	<u>(27,124)</u>	<u>6,389</u>
Cash and investments - ending	<u>\$ 1,030,613</u>	<u>\$ 410,351</u>	<u>\$ 32,221</u>	<u>\$ 377,671</u>	<u>\$ 189,401</u>	<u>\$ 57,200</u>	<u>\$ -</u>	<u>\$ 498,547</u>	<u>\$ 252,674</u>	<u>\$ 115,916</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Levy Excess	Educational License Plates	Community Grant (Walmart)	Happy Trails Scholarship	Powers Scholarship	Wind Energy System	Energy Project (Ball Brothers)	Martha Harrison Vocational	Science Camp	Adult and Continuing Education
Cash and investments - beginning	\$ -	\$ 2,661	\$ 162	\$ 8,576	\$ 750	\$ 10,000	\$ 11,763	\$ 129	\$ -	\$ -
Receipts:										
Local sources	-	-	-	1,015	-	-	-	1,000	-	7,200
Intermediate sources	-	112	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	112	-	1,015	-	-	-	1,000	-	7,200
Disbursements:										
Current:										
Instruction	-	347	162	-	-	-	-	129	-	996
Support services	-	-	-	-	-	-	3,293	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	7,200	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	347	162	7,200	-	-	3,293	129	-	996
Excess (deficiency) of receipts over disbursements	-	(235)	(162)	(6,185)	-	-	(3,293)	871	-	6,204
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(235)	(162)	(6,185)	-	-	(3,293)	871	-	6,204
Cash and investments - ending	\$ -	\$ 2,426	\$ -	\$ 2,391	\$ 750	\$ 10,000	\$ 8,470	\$ 1,000	\$ -	\$ 6,204

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Kenneth Hinshaw Scholarship	Martha Goodman Scholarship	John D Wilson Scholarship	David & Carol Young Scholarship	Steve Reish Athletic Scholarship	Harry & June Loy Scholarship	Mary Lou Fulk Memorial Scholarship	Edith Winn Scholarship	Clyde & Sarah Wise Scholarship
Cash and investments - beginning	\$ 206,294	\$ 94,847	\$ 10,225	\$ 24,811	\$ 2,685	\$ 69,280	\$ 2,002	\$ 61,478	\$ 49,214
Receipts:									
Local sources	6,202	1,144	6,866	37,051	28	847	2,002	755	605
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	6,202	1,144	6,866	37,051	28	847	2,002	755	605
Disbursements:									
Current:									
Instruction	-	-	-	500	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	34,000	4,200	10,226	25,645	500	2,000	2,002	1,500	1,200
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	34,000	4,200	10,226	26,145	500	2,000	2,002	1,500	1,200
Excess (deficiency) of receipts over disbursements	(27,798)	(3,056)	(3,360)	10,906	(472)	(1,153)	-	(745)	(595)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,798)	(3,056)	(3,360)	10,906	(472)	(1,153)	-	(745)	(595)
Cash and investments - ending	\$ 178,496	\$ 91,791	\$ 6,865	\$ 35,717	\$ 2,213	\$ 68,127	\$ 2,002	\$ 60,733	\$ 48,619

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Claudia B. Wise Scholarship	Steve Hinshaw Humanitarian	Estate of Herman H Hummel	Carl & Virginia Keller Scholarship	Perry Valedictorian Award	W L Witters Biological Preserve	B Everett Memorial Nature Program	Community Foundation/ Literacy Coalition	Mark Welch Memorial
Cash and investments - beginning	\$ 285,894	\$ 36,420	\$ 50	\$ 106,194	\$ 27,547	\$ 2,081	\$ 45	\$ 443	\$ 6,189
Receipts:									
Local sources	3,456	434	-	1,253	334	-	-	2,250	72
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,456</u>	<u>434</u>	<u>-</u>	<u>1,253</u>	<u>334</u>	<u>-</u>	<u>-</u>	<u>2,250</u>	<u>72</u>
Disbursements:									
Current:									
Instruction	-	-	50	-	-	-	-	1,495	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	12,000	2,000	-	4,500	1,000	-	-	-	500
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>12,000</u>	<u>2,000</u>	<u>50</u>	<u>4,500</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,495</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>(8,544)</u>	<u>(1,566)</u>	<u>(50)</u>	<u>(3,247)</u>	<u>(666)</u>	<u>-</u>	<u>-</u>	<u>755</u>	<u>(428)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(8,544)</u>	<u>(1,566)</u>	<u>(50)</u>	<u>(3,247)</u>	<u>(666)</u>	<u>-</u>	<u>-</u>	<u>755</u>	<u>(428)</u>
Cash and investments - ending	<u>\$ 277,350</u>	<u>\$ 34,854</u>	<u>\$ -</u>	<u>\$ 102,947</u>	<u>\$ 26,881</u>	<u>\$ 2,081</u>	<u>\$ 45</u>	<u>\$ 1,198</u>	<u>\$ 5,761</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Gifted/ Talented High Ability Grant 08-09	Gifted/ Talented High Ability Grant 09-10	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs 2010-11	School Technology	Access Indiana	Rural Capacity Grant
Cash and investments - beginning	\$ 8,778	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,500	\$ -
Receipts:									
Local sources	-	-	-	-	953	-	-	-	7,449
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	29,297	-	-	8,738	-	-	-	65,000
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	29,297	-	-	9,691	-	-	-	72,449
Disbursements:									
Current:									
Instruction	8,778	23,346	-	-	9,691	-	-	-	36,192
Support services	-	-	-	-	-	-	-	2,250	1,575
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	8,778	23,346	-	-	9,691	-	-	2,250	37,767
Excess (deficiency) of receipts over disbursements	(8,778)	5,951	-	-	-	-	-	(2,250)	34,682
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,778)	5,951	-	-	-	-	-	(2,250)	34,682
Cash and investments - ending	\$ -	\$ 5,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 34,682

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Wellness Grant 08-09	Wellness Grant 09-10	Wellness Grant 10-11	McDonald's Grant	Excess PTRC Distributions	Teacher Instruction Mini-Grant	Technology Pioneers	Consolidation Study	Title I P.L. 107-110
Cash and investments - beginning	\$ 6,438	\$ -	\$ -	\$ -	\$ -	\$ 6,818	\$ 2,063	\$ 4,339	\$ 47,327
Receipts:									
Local sources	-	10,501	-	494	-	5,095	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	10,501	-	494	-	5,095	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	494	-	4,442	-	-	26,112
Support services	6,438	5,394	-	-	-	50	1,846	2,732	11,067
Noninstructional services	-	-	-	-	-	-	-	-	1,340
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	6,438	5,394	-	494	-	4,492	1,846	2,732	38,519
Excess (deficiency) of receipts over disbursements	(6,438)	5,107	-	-	-	603	(1,846)	(2,732)	(38,519)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	4,146	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	(8,808)
Total other financing sources (uses)	-	-	-	-	4,146	-	-	-	(8,808)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,438)	5,107	-	-	4,146	603	(1,846)	(2,732)	(47,327)
Cash and investments - ending	\$ -	\$ 5,107	\$ -	\$ -	\$ 4,146	\$ 7,421	\$ 217	\$ 1,607	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Title I FY10	Title I P.L. 107-110	Title V, Part A	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B P.L. 105-17	Drug Free 2009-10	Drug Free 2008-09	Medicaid Reimbursement - Federal	Other Federal Programs
Cash and investments - beginning	\$ -	\$ -	\$ 709	\$ -	\$ -	\$ -	\$ 1,450	\$ 379	\$ 550
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	242,778	-	-	205,163	-	1,400	1,798	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	242,778	-	-	205,163	-	1,400	1,798	-	-
Disbursements:									
Current:									
Instruction	101,352	-	-	205,163	-	475	3,248	84	-
Support services	124,473	-	709	-	-	-	-	-	-
Noninstructional services	13,446	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	239,271	-	709	205,163	-	475	3,248	84	-
Excess (deficiency) of receipts over disbursements	3,507	-	(709)	-	-	925	(1,450)	(84)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	8,807	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	8,807	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,314	-	(709)	-	-	925	(1,450)	(84)	-
Cash and investments - ending	\$ 12,314	\$ -	\$ -	\$ -	\$ -	\$ 925	\$ -	\$ 295	\$ 550

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2010
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II 2010-11	Rural Schools and Low Income Program - Pass Through State	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	School Lunch Equipment	Education Jobs	Totals
Cash and investments - beginning	\$ 738	\$ -	\$ 25,209	\$ 287,972	\$ -	\$ -	\$ -	\$ -	\$ 2,995,881
Receipts:									
Local sources	474	-	-	-	7	9	-	-	3,200,877
Intermediate sources	-	-	-	-	-	-	-	-	112
State sources	-	-	-	-	-	-	-	-	6,975,449
Federal sources	41,366	-	-	192,617	88,074	119,567	14,000	-	1,245,062
Interfund loans	-	-	-	-	-	14,636	-	-	14,636
Other	-	-	-	-	-	-	-	-	2,872
Total receipts	41,840	-	-	192,617	88,081	134,212	14,000	-	11,439,008
Disbursements:									
Current:									
Instruction	5,440	-	-	200,098	87,374	120,253	-	-	5,130,358
Support services	30,631	-	25,209	227,370	-	-	-	-	2,936,695
Noninstructional services	-	-	-	38	-	-	14,000	-	639,518
Facilities acquisition and construction	-	-	-	-	-	-	-	-	584,223
Debt services	-	-	-	-	-	-	-	-	784,284
Nonprogrammed charges	-	-	-	53,083	-	13,959	-	-	322,979
Interfund loans	-	-	-	-	-	-	-	-	14,636
Total disbursements	36,071	-	25,209	480,589	87,374	134,212	14,000	-	10,412,693
Excess (deficiency) of receipts over disbursements	5,769	-	(25,209)	(287,972)	707	-	-	-	1,026,315
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	327,507
Transfers out	-	-	-	-	-	-	-	-	(327,509)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	(2)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,769	-	(25,209)	(287,972)	707	-	-	-	1,026,313
Cash and investments - ending	\$ 6,507	\$ -	\$ -	\$ -	\$ 707	\$ -	\$ -	\$ -	\$ 4,022,194

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Special Education Preschool	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,030,613	\$ 410,351	\$ 32,221	\$ 377,671	\$ 189,401	\$ 57,200	\$ -	\$ 498,547	\$ 252,674	\$ 115,916
Receipts:										
Local sources	78,980	631,596	37,310	570,241	439,684	50,807	-	-	141,063	47,630
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	6,655,643	100,000	11,198	-	-	-	-	-	3,898	28,276
Federal sources	-	-	-	-	-	-	-	-	325,869	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	200	-	-	7,134	-	-	-	-	205	100
Total receipts	<u>6,734,823</u>	<u>731,596</u>	<u>48,508</u>	<u>577,375</u>	<u>439,684</u>	<u>50,807</u>	<u>-</u>	<u>-</u>	<u>471,035</u>	<u>76,006</u>
Disbursements:										
Current:										
Instruction	4,358,663	-	-	-	-	-	-	-	-	-
Support services	1,755,733	-	-	287,752	371,112	-	-	112,528	3,860	72,536
Noninstructional services	94,060	-	-	-	-	-	-	-	499,396	-
Facilities acquisition and construction	-	-	-	516,702	-	-	-	118,400	-	-
Debt services	-	695,119	48,736	-	-	-	-	-	-	-
Nonprogrammed charges	221,626	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	8,943	-	-
Total disbursements	<u>6,430,082</u>	<u>695,119</u>	<u>48,736</u>	<u>804,454</u>	<u>371,112</u>	<u>-</u>	<u>-</u>	<u>239,871</u>	<u>503,256</u>	<u>72,536</u>
Excess (deficiency) of receipts over disbursements	<u>304,741</u>	<u>36,477</u>	<u>(228)</u>	<u>(227,079)</u>	<u>68,572</u>	<u>50,807</u>	<u>-</u>	<u>(239,871)</u>	<u>(32,221)</u>	<u>3,470</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	255	-	-	-	-	-
Transfers in	11	1,595	-	1,383	9,966	176	-	323,580	-	-
Transfers out	(300,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(299,989)</u>	<u>1,595</u>	<u>-</u>	<u>1,383</u>	<u>10,221</u>	<u>176</u>	<u>-</u>	<u>323,580</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>4,752</u>	<u>38,072</u>	<u>(228)</u>	<u>(225,696)</u>	<u>78,793</u>	<u>50,983</u>	<u>-</u>	<u>83,709</u>	<u>(32,221)</u>	<u>3,470</u>
Cash and investments - ending	<u>\$ 1,035,365</u>	<u>\$ 448,423</u>	<u>\$ 31,993</u>	<u>\$ 151,975</u>	<u>\$ 268,194</u>	<u>\$ 108,183</u>	<u>\$ -</u>	<u>\$ 582,256</u>	<u>\$ 220,453</u>	<u>\$ 119,386</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Levy Excess	Educational License Plates	Community Grant (Walmart)	Happy Trails Scholarship	Powers Scholarship	Wind Energy System	Energy Project (Ball Brothers)	Martha Harrison Vocational	Science Camp	Adult and Continuing Education
Cash and investments - beginning	\$ -	\$ 2,426	\$ -	\$ 2,391	\$ 750	\$ 10,000	\$ 8,470	\$ 1,000	\$ -	\$ 6,204
Receipts:										
Local sources	-	-	-	6	-	12,500	-	1,000	4,000	-
Intermediate sources	-	206	-	-	-	-	-	-	-	-
State sources	8,974	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	8,974	206	-	6	-	12,500	-	1,000	4,000	-
Disbursements:										
Current:										
Instruction	-	542	-	-	-	22,500	-	1,290	1,913	5,804
Support services	-	-	-	-	-	-	7,200	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	800	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	542	-	800	-	22,500	7,200	1,290	1,913	5,804
Excess (deficiency) of receipts over disbursements	8,974	(336)	-	(794)	-	(10,000)	(7,200)	(290)	2,087	(5,804)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(8,974)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(8,974)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(336)	-	(794)	-	(10,000)	(7,200)	(290)	2,087	(5,804)
Cash and investments - ending	\$ -	\$ 2,090	\$ -	\$ 1,597	\$ 750	\$ -	\$ 1,270	\$ 710	\$ 2,087	\$ 400

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Kenneth Hinshaw Scholarship	Martha Goodman Scholarship	John D Wilson Scholarship	David & Carol Young Scholarship	Steve Reish Athletic Scholarship	Harry & June Loy Scholarship	Mary Lou Fulk Memorial Scholarship	Edith Winn Scholarship	Clyde & Sarah Wise Scholarship
Cash and investments - beginning	\$ 178,496	\$ 91,791	\$ 6,865	\$ 35,717	\$ 2,213	\$ 68,127	\$ 2,002	\$ 60,733	\$ 48,619
Receipts:									
Local sources	3,597	350	6,591	50,260	6	266	1,001	238	190
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>3,597</u>	<u>350</u>	<u>6,591</u>	<u>50,260</u>	<u>6</u>	<u>266</u>	<u>1,001</u>	<u>238</u>	<u>190</u>
Disbursements:									
Current:									
Instruction	-	-	-	500	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	35,000	5,600	6,866	42,570	500	2,000	2,002	1,500	1,200
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>35,000</u>	<u>5,600</u>	<u>6,866</u>	<u>43,070</u>	<u>500</u>	<u>2,000</u>	<u>2,002</u>	<u>1,500</u>	<u>1,200</u>
Excess (deficiency) of receipts over disbursements	<u>(31,403)</u>	<u>(5,250)</u>	<u>(275)</u>	<u>7,190</u>	<u>(494)</u>	<u>(1,734)</u>	<u>(1,001)</u>	<u>(1,262)</u>	<u>(1,010)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(31,403)</u>	<u>(5,250)</u>	<u>(275)</u>	<u>7,190</u>	<u>(494)</u>	<u>(1,734)</u>	<u>(1,001)</u>	<u>(1,262)</u>	<u>(1,010)</u>
Cash and investments - ending	<u>\$ 147,093</u>	<u>\$ 86,541</u>	<u>\$ 6,590</u>	<u>\$ 42,907</u>	<u>\$ 1,719</u>	<u>\$ 66,393</u>	<u>\$ 1,001</u>	<u>\$ 59,471</u>	<u>\$ 47,609</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Claudia B. Wise Scholarship	Steve Hinshaw Humanitarian	Estate of Herman H Hummel	Carl & Virginia Keller Scholarship	Perry Valedictorian Award	W L Witters Biological Preserve	B Everett Memorial Nature Program	Community Foundation/ Literacy Coalition	Mark Welch Memorial
Cash and investments - beginning	\$ 277,350	\$ 34,854	\$ -	\$ 102,947	\$ 26,881	\$ 2,081	\$ 45	\$ 1,198	\$ 5,761
Receipts:									
Local sources	1,074	4,141	-	906	104	-	-	563	21
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>1,074</u>	<u>4,141</u>	<u>-</u>	<u>906</u>	<u>104</u>	<u>-</u>	<u>-</u>	<u>563</u>	<u>21</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	1,402	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	12,000	2,000	-	2,500	1,000	-	-	-	500
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	<u>12,000</u>	<u>2,000</u>	<u>-</u>	<u>2,500</u>	<u>1,000</u>	<u>-</u>	<u>-</u>	<u>1,402</u>	<u>500</u>
Excess (deficiency) of receipts over disbursements	<u>(10,926)</u>	<u>2,141</u>	<u>-</u>	<u>(1,594)</u>	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(839)</u>	<u>(479)</u>
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(10,926)</u>	<u>2,141</u>	<u>-</u>	<u>(1,594)</u>	<u>(896)</u>	<u>-</u>	<u>-</u>	<u>(839)</u>	<u>(479)</u>
Cash and investments - ending	<u>\$ 266,424</u>	<u>\$ 36,995</u>	<u>\$ -</u>	<u>\$ 101,353</u>	<u>\$ 25,985</u>	<u>\$ 2,081</u>	<u>\$ 45</u>	<u>\$ 359</u>	<u>\$ 5,282</u>

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Gifted/ Talented High Ability Grant 08-09	Gifted/ Talented High Ability Grant 09-10	Instruction Support	Medicaid Reimbursement	Non-English Speaking Programs P.L. 273-1999	Non-English Speaking Programs 2010-11	School Technology	Access Indiana	Rural Capacity Grant
Cash and investments - beginning	\$ -	\$ 5,951	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 250	\$ 34,682
Receipts:									
Local sources	-	-	-	-	628	-	-	-	7,500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	28,858	2,406	-	5,898	3,288	-	35,000
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	28,858	2,406	628	5,898	3,288	-	42,500
Disbursements:									
Current:									
Instruction	-	5,951	28,858	-	628	5,898	-	-	75,257
Support services	-	-	-	1,941	-	-	3,241	250	1,925
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	5,951	28,858	1,941	628	5,898	3,241	250	77,182
Excess (deficiency) of receipts over disbursements	-	(5,951)	-	465	-	-	47	(250)	(34,682)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,951)	-	465	-	-	47	(250)	(34,682)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 465	\$ -	\$ -	\$ 47	\$ -	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Wellness Grant 08-09	Wellness Grant 09-10	Wellness Grant 10-11	McDonald's Grant	Excess PTRC Distributions	Teacher Instruction Mini-Grant	Technology Pioneers	Consolidation Study	Title I P.L. 107-110
Cash and investments - beginning	\$ -	\$ 5,107	\$ -	\$ -	\$ 4,146	\$ 7,421	\$ 217	\$ 1,607	\$ -
Receipts:									
Local sources	-	-	10,500	-	-	739	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	10,500	-	-	739	-	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	1,885	-	-	-
Support services	-	5,107	3,671	-	-	-	217	1,309	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	-	5,107	3,671	-	-	1,885	217	1,309	-
Excess (deficiency) of receipts over disbursements	-	(5,107)	6,829	-	-	(1,146)	(217)	(1,309)	-
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	(4,146)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(4,146)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(5,107)	6,829	-	(4,146)	(1,146)	(217)	(1,309)	-
Cash and investments - ending	\$ -	\$ -	\$ 6,829	\$ -	\$ -	\$ 6,275	\$ -	\$ 298	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Title I FY10	Title I P.L. 107-110	Title V, Part A	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	IDEA Part B P.L. 105-17	Drug Free 2009-10	Drug Free 2008-09	Medicaid Reimbursement - Federal	Other Federal Programs
Cash and investments - beginning	\$ 12,314	\$ -	\$ -	\$ -	\$ -	\$ 925	\$ -	\$ 295	\$ 550
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	25,943	208,867	-	-	210,014	2,065	-	5,445	-
Interfund loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	25,943	208,867	-	-	210,014	2,065	-	5,445	-
Disbursements:									
Current:									
Instruction	23,998	139,797	-	-	210,014	2,990	-	303	-
Support services	11,766	63,273	-	-	-	-	-	453	550
Noninstructional services	2,493	5,797	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-	-
Total disbursements	38,257	208,867	-	-	210,014	2,990	-	756	550
Excess (deficiency) of receipts over disbursements	(12,314)	-	-	-	-	(925)	-	4,689	(550)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,314)	-	-	-	-	(925)	-	4,689	(550)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,984	\$ -

RANDOLPH EASTERN SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Improving Teaching Quality, No Child Left, Title II, Part A	Title II 2010-11	Rural Schools and Low Income Program - Pass Through State	Fiscal Stabilization - Education	Title I - Grants to LEAs	Special Education - Part B	School Lunch Equipment	Education Jobs	Totals
Cash and investments - beginning	\$ 6,507	\$ -	\$ -	\$ -	\$ 707	\$ -	\$ -	\$ -	\$ 4,022,194
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,103,492
Intermediate sources	-	-	-	-	-	-	-	-	206
State sources	-	-	-	-	-	-	-	-	6,883,439
Federal sources	10,000	22,745	25,313	-	34,452	118,714	-	28,851	1,018,278
Interfund loans	-	-	-	-	-	8,943	-	-	8,943
Other	-	-	-	-	-	-	-	-	7,639
Total receipts	10,000	22,745	25,313	-	34,452	127,657	-	28,851	10,021,997
Disbursements:									
Current:									
Instruction	-	-	-	-	35,154	104,071	-	13,471	5,040,889
Support services	16,507	22,745	25,313	-	-	-	-	15,367	2,784,356
Noninstructional services	-	-	-	-	-	-	-	-	601,746
Facilities acquisition and construction	-	-	-	-	-	-	-	-	635,102
Debt services	-	-	-	-	-	-	-	-	743,855
Nonprogrammed charges	-	-	-	-	-	-	-	-	337,664
Interfund loans	-	-	-	-	-	-	-	-	8,943
Total disbursements	16,507	22,745	25,313	-	35,154	104,071	-	28,838	10,152,555
Excess (deficiency) of receipts over disbursements	(6,507)	-	-	-	(702)	23,586	-	13	(130,558)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	255
Transfers in	-	-	-	-	-	-	-	-	336,711
Transfers out	-	-	-	-	(5)	(23,586)	-	-	(336,711)
Total other financing sources (uses)	-	-	-	-	(5)	(23,586)	-	-	255
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,507)	-	-	-	(707)	-	-	13	(130,303)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13	\$ 3,891,891

RANDOPLPH EASTERN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2011

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

	Ending Balance
Other:	
Capital assets, not being depreciated:	
Land	\$ 149,841
Buildings	15,258,784
Improvements other than buildings	1,436,042
Machinery and equipment	956,295
Transportation	798,400
Total other capital assets	18,599,362

RANDOLPH EASTERN SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2011

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Common School Fund Loans:		
2004 Common School Fund Loan	\$ 3,125,643	\$ 279,119
2006 Common School Fund Loan	3,695,000	256,700
Bonds payable:		
General obligation bonds:		
2002 QZAB	412,500	75,000
2006 QZAB	1,515,000	95,000
2004 Pension Bonds	160,000	46,996
Installment Payment Contract:		
Energy Savings Contract	<u>391,410</u>	<u>130,000</u>
Total governmental activities debt	<u>\$ 9,299,553</u>	<u>\$ 882,815</u>

RANDOLPH EASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

A test of monthly reimbursement requests for the school lunch program revealed errors in three of the four months tested. In all three cases the monthly meals claimed for reimbursement were less than actual meals served from the sales activity reports. The internal controls were not effective in preventing the misstatement of the requests for reimbursement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEPOSITS (Applies to Northside Elementary School)

Four of the sixty receipts reviewed, with a total value of \$251.64, were not deposited timely. Five to nine days elapsed from the date of receipt to the date of deposit.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

TICKET SALES FORM SA-4 (Applies to Union City High School)

We noted during a test of the ticket sales that none of the ticket sales reports were properly completed. The athletic director completed the entire form, including the first and last ticket information. The Treasurer then counted the money. The ticket sales report was not signed by the person completing the form and a loss of accountability occurred.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form.

RANDOLPH EASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

Serially pre-numbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be pre-numbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

INTERNAL CONTROLS (Applies to Union City High School)

Controls for receipts generated by the Athletic coaches and disbursements for athletic uniforms are insufficient. Some coaches are collecting money from the athletes for uniforms and are paying the vendors directly from the funds collected by the athletes. The controls in place for receipts and disbursements are not being properly implemented for the athletic uniforms for all sports.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

FUNDRAISERS AND SPONSOR COLLECTIONS (Applies to Union City High School)

The controls over fundraisers were ineffective. Not all fundraising activities were being accounted for in the school records. A sub sandwich fundraiser was held for the wrestling team. Of the \$1,800 in receipts collected, only \$1,758 was receipted to the school. This leaves \$42 unaccounted for. In addition, the football team collected money for player packs. Of the \$1,392 collected, only \$1,289 was receipted to the school, leaving \$103 unaccounted for.

Governmental units which conduct fund raising events should have the express permission of the governing body for conducting the fund raiser as well as procedures in place concerning the internal controls and the responsibility of employees or officials. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ECA DEPOSITS (Applies to Union City High School)

Receipts for fundraising activities were not always given to the School for deposit without reasonable delay. The wrestling team held a fundraiser that ended in April 2011. Receipts to the school were made for \$1,324 on May 11, \$350 on July 25, \$42 on December 8, and \$39 on January 5, 2012. In addition funds collected from the football team for player packs received in July, 2011 had remittances of \$120 on July 25; \$169 on September 9 and \$1,000 on September 30. An additional \$103 was never remitted to the school. In addition to the funds not remitted to the school, \$48 was collected for a student who did not receive a player pack and the money was not refunded to the parents. This was also not remitted to the school. Keith Maloy, the head football and wrestling coach, paid \$151 to the school on February 8, 2012.

Indiana Code 20-41-1-9 states in part: ". . . receipts shall be deposited without unreasonable delay."

RANDOLPH EASTERN SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

ACCOUNTABLE ITEMS (Applies to Union City High School)

Records presented for audit indicated that the cheerleaders purchased 100 signs to be sold for a fundraiser. Each sign sold for \$7. The School has not received any money for these signs, nor has it received an accounting of how many signs were sold and how many signs remain on hand. The school has not enacted sufficient controls for proper follow up for this fundraiser.

Tickets, goods for sale, billings, and other collections are considered accountable items for which a corresponding deposit must be made in the bank accounts of the governmental unit.

The deposit ticket or attached documentation must provide a detailed listing of the deposit, which includes at a minimum, check numbers and corresponding names of the payors. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

CONTRACT WITH PERFORMANCE SERVICES, INC. (PSI)

The School Corporation entered into a contract with Performance Services, Inc. (PSI) in which PSI would construct, run, and maintain a wind turbine. PSI owns the wind turbine and collects all revenues from the operation of the turbine which produces electricity. The School Corporation does not derive any power from the turbine. PSI has agreed to allow the School Corporation to have access to the facility and records related to the facility for educational opportunities to its students. In exchange for the access, the School Corporation has agreed to pay \$77,000 twice per year. The contract states that the School Corporation shall receive a credit against each payment in the amount of the net revenues experienced by PSI in the operation of the facility during the six month period. To date, revenues have exceeded the amount of payment due and the School Corporation has not had to pay any amount to PSI. The School Corporation has the option to purchase the turbine in 2014 using the statutorily determined price provided that the price determined is sufficient to pay the outstanding debt incurred by PSI.

As stated above, the contract provides that the School Corporation has access to the facility and an option to purchase the facility. As stated in the contract, in exchange for such access the School Corporation has agreed to pay PSI \$77,000 twice per year. Paragraph 1 of the Second Amendment to the contract states in part: ". . . In exchange for such access, the School Corporation agrees to pay PSI \$77,000.00 on March 5 and September 5 of each year. The first payment was to be received by PSI from the School Corporation on September 5, 2010, and, subject to the School Corporation's Option to Purchase rights contained in Section 6 below, such bi-annual payments shall continue for a period of twenty (20) years for a total of forty (40) such payments, with the next bi-annual payment occurring on March 5, 2011." This arrangement appears to be in the nature of a lease with an option to purchase. IC 36-1-10 and pages 17-1 through 17-3 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations provide for the procedures for a political subdivision to comply with in leasing real estate. Evidence that the School Corporation has complied with these statutes and Uniform Compliance Guidelines was not presented for audit.

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
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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, 2010 and 2011. 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, 2010 and 2011. The results of our auditing procedures also disclosed other instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2011-2.

Internal Control Over Compliance

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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 deficiency in 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 and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as item 2011-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on the response.

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

STATE BOARD OF ACCOUNTS

February 7, 2012

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. Department of Agriculture</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		09-6835	\$ 79,171	\$ -
		10-6835	-	78,416
			<u>79,171</u>	<u>78,416</u>
Total for program				
			<u>79,171</u>	<u>78,416</u>
National School Lunch Program				
	10.555			
		09-6835	287,394	-
		10-6835	-	276,993
			<u>287,394</u>	<u>276,993</u>
Total for program				
			<u>287,394</u>	<u>276,993</u>
Total for cluster				
			<u>366,565</u>	<u>355,409</u>
Child Nutrition Discretionary Grants Limited Availability				
	10.579			
		09-6835	14,000	-
Total for federal grantor agency				
			<u>380,565</u>	<u>355,409</u>
<u>U.S. Department of Energy</u>				
Pass-Through the Indiana Department of Education				
State Energy Program				
	81.041			
		#7-APE-011	-	550
<u>U.S. Department of Education</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010			
		09-6835	47,327	-
		10-6835	239,271	38,257
		11-6835	-	208,867
			<u>286,598</u>	<u>247,124</u>
Total for program				
			<u>286,598</u>	<u>247,124</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act				
	84.389			
		10-6835	87,373	35,159
Total for cluster				
			<u>373,971</u>	<u>282,283</u>
Special Education Cluster				
Special Education - Grants to States				
	84.027			
		14210-066-PN01	205,163	-
		14211-066-PN01	-	210,013
			<u>205,163</u>	<u>210,013</u>
Total for program				
			<u>205,163</u>	<u>210,013</u>
ARRA - Special Education - Grants to States, Recovery Act				
	84.391			
		33310-10-SN01	134,209	127,658
Total for cluster				
			<u>339,372</u>	<u>337,671</u>

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

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2010 and 2011
(Continued)

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. Department of Education (continued)</u>				
Pass-Through Indiana Department of Education (continued)				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	7000S394A0900	480,581	-
			<u>480,581</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		08-6835	3,248	-
		09-6835	475	2,990
			<u>3,723</u>	<u>2,990</u>
Total for program			<u>3,723</u>	<u>2,990</u>
State Grants for Innovative Programs	84.298			
		07-6835	709	-
			<u>709</u>	<u>-</u>
Rural Education	84.358			
		09-6835	25,210	-
		10-6835	-	25,314
			<u>25,210</u>	<u>25,314</u>
Total for program			<u>25,210</u>	<u>25,314</u>
Improving Teacher Quality State Grants	84.367			
		08-6835	36,071	16,507
		09-6835	-	22,746
			<u>36,071</u>	<u>39,253</u>
Total for program			<u>36,071</u>	<u>39,253</u>
Education Jobs Fund	84.410			
		7000S410A100015	-	28,837
			<u>-</u>	<u>28,837</u>
Total for federal grantor agency			<u>1,259,637</u>	<u>716,348</u>
<u>Social Security Administration</u>				
Direct Grant				
Disability Insurance / SSI Cluster				
Social Security - Disability Insurance				
	96.001			
		09-6835	84	-
		10-6835	-	756
			<u>84</u>	<u>756</u>
Total for cluster			<u>84</u>	<u>756</u>
Total federal awards expended			<u>\$ 1,640,286</u>	<u>\$ 1,073,063</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

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

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2010 and 2011. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009-2010	2010-2011
School Breakfast Program	10.553	\$ 6,344.13	\$ 6,712.92
National School Lunch Program	10.555	21,922.35	22,826.77

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Unqualified
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiency identified?	yes
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?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster
State Fiscal Stabilization Fund 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

FINDING 2011-01 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a significant deficiency:

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

A test of monthly reimbursement requests for the school lunch program revealed errors in three of the four months tested. In all three cases the monthly meals claimed for reimbursement were less than actual meals served from the sales activity reports. The internal controls were not effective in preventing the misstatement of the requests for reimbursement.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

Section III – Federal Award Findings and Questioned Costs

FINDING 2011-02 - REPORTING

Federal Agency: U.S. Department of Agriculture
Pass through Agency: Indiana Department of Education
Federal Programs: Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555
Award Numbers: 09-6835; 10-6835

Deficiency in Major Program Internal Control - Internal Controls Over Reporting

The School Corporation's controls over reporting for federal awards were not effective for the Child Nutrition Cluster. The reports are prepared by the school lunch secretary. The reports are then sent to the superintendent who reviews the reports. The reports are then presented to the board for approval and are submitted online. The internal controls over reviewing the reports were not effective to prevent errors that were found in three of the four reports that were tested.

7 CFR 210.80 states:

"School food authority claims review process. Prior to the submission of a monthly Claim for Reimbursement, each school food authority shall review the lunch count data for each school under its jurisdiction to ensure the accuracy of the monthly Claim for Reimbursement. The objective of this review is to ensure that monthly claims include only the number of free, reduced price and paid lunches served on any day of operation to children currently eligible for such lunches."

It is recommended that the review of the report should include verification of the accuracy of the numbers being reported.

RANDOLPH EASTERN SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

KURT L. PRESCOTT, PRESIDENT
WENDY SMITH, VICE PRESIDENT

GREGORY S. WHITESEL, SECRETARY
SELINA MILLER, MEMBER
JAMIE KERNS, MEMBER



RANDOLPH EASTERN SCHOOL CORPORATION

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

BRENT M. LEHMAN, SUPERINTENDENT

BRENDA PEACOCK, TREASURER
LINDA WOOD, SECRETARY

To: Bill Prybylla, State Board of Accounts Auditor
From: Brent Lehman, Superintendent Randolph Eastern School Corporation
Date: February 14, 2012

Re: Corrective Action Plan, Finding 2011-1, Internal Controls Over Reporting

FINDING 2011-1, INTERNAL CONTROLS OVER REPORTING – The School Board's monitoring of the reports for the School Lunch Program were not effective in preventing reporting errors. The failure to effectively monitor the controls places the school at risk that controls will prevent or detect material misstatements in a timely manner.

FINDING 2011-02 REPORTING

Federal Agency: U.S. Department of Agriculture
Pass through Agency: Indiana Department of Education
Federal Programs: Child Nutrition Cluster
CFDA Numbers: 10.555
Award Numbers: 09-6835; 10-6835

Deficiency in Major Program Internal Control - Internal Controls Over Reporting

The School Corporation's controls over reporting for federal awards were not effective for the Child Nutrition Cluster. The reports are prepared by the school lunch secretary. The reports are then sent to the superintendent who reviews the reports. The reports are then presented to the board for approval and are submitted online. The internal controls over reviewing the reports were not effective to prevent errors that were found in three of the four reports that were tested.

CORRECTIVE ACTION PLAN- The following procedural change will begin immediately in order to address finding 2011-1. The West Side Middle school principal will notify the in-school suspension supervisor and the school lunch program secretary when a middle school student will be placed in the in-school suspension room. The in-school suspension room monitor will contact the school lunch program secretary when the student arrives in the room. Because of this placement, the middle school student will be eating lunch in the elementary cafeteria and not the middle school cafeteria. The two points of communication with the school lunch program secretary will provide a double check for the data submitted on the lunch reports.

KURT L. PRESCOTT, PRESIDENT
WENDY SMITH, VICE PRESIDENT

GREGORY S. WHITESEL, SECRETARY
SELINA MILLER, MEMBER
JAMIE KERNS, MEMBER



RANDOLPH EASTERN SCHOOL CORPORATION

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

BRENT M. LEHMAN, SUPERINTENDENT

BRENDA PEACOCK, TREASURER
LINDA WOOD, SECRETARY

To: Bill Prybylla, State Board of Accounts Auditor
From: Brent Lehman, Superintendent Randolph Eastern School Corporation
Date: February 14, 2012

Re: Corrective Action Plan, Comments concerning fundraising controls.

CORRECTIVE ACTION PLAN - The first action was a cleanup of past discrepancies. The short fall in the football fundraising account has been reconciled. Several invoices sent to the school were the personal responsibility of the coach and have been returned to the company with the directive they are to pursue this money directly through the coach. The coach has also submitted a check (\$151) to Union City Community High School to cover the remaining shortfall in the school football fundraising. The signs purchased for a cheerleader fundraiser have been inventoried and the school is in possession of 58 signs. The original quantity authorized by the cheer sponsor was 100. The signs cost \$7. The cheer sponsor is submitting a check (\$294) to Union City Community High School for the purchase price of the 42 signs not in the inventory.

At the high school office level each internal tracking form for fundraisers was reviewed and modified as needed to improve the accuracy of final reports. A major adjustment included an area to document donated items and students who have not paid for requested items. In addition, items will no longer be distributed to students and/or coaches until payment has been made in full. A letter was sent to the company that permitted a purchase from high school funds without permission from a high school administrator. The letter stated future sales without administrative permission will not be the responsibility of the school.

RANDOLPH EASTERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2012, with Brenda R. Peacock, Treasurer; Linda Wood, Deputy Treasurer; Brent M. Lehman, Superintendent of Schools; and Kurt Prescott, President of the School Board. The Official Response has been made a part of this report and may be found on pages 51 and 52.

KURT L. PRESCOTT, PRESIDENT
WENDY SMITH, VICE PRESIDENT

GREGORY S. WHITESEL, SECRETARY
SELINA MILLER, MEMBER
JAMIE KERNS, MEMBER



RANDOLPH EASTERN SCHOOL CORPORATION

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BRENT M. LEHMAN, SUPERINTENDENT

BRENDA PEACOCK, TREASURER
LINDA WOOD, SECRETARY

To: Bill Prybylla, Auditor for the State Board of Accounts
From: Brent Lehman, Superintendent Randolph Eastern School Corporation
Date: February 17, 2012

Re: Response to audit comment on the contract with Performance Services, Inc.

My response will address three items. The actual comments from the state board of accounts. The position held by Randolph Eastern School Corporation and Performance Services, Inc. concerning the agreement which led to the wind turbine project. A process for moving forward will complete this response.

In paragraph 1 of the State Board of Accounts comments it states, "...the School Corporation has not had to pay any amount to PSI." In paragraph 2 of the comments it states, "The first payment was received by PSI from the School Corporation on September 5, 2010." To clarify this information, Randolph Eastern School Corporation has not made any payments to PSI for the use of the wind turbine as of February 14, 2012. In addition, paragraph 2 of the comments states, "This arrangement appears to be in the nature of a lease with an option to purchase." I am not sure what this language infers. This language does not say this arrangement is a lease. As I understand the positions of both sides, I think the determination of whether or not this is a lease is central to the conversation.

The Randolph Eastern School Corporation and PSI assert this is not a lease arrangement. Since it is not a lease, the school would not have been under any obligation to follow the leasing statute and the obtaining of a petition signed by 50 taxpayers. The comments make reference to IC 36-1-10. This statute applies only if a political subdivision determines to acquire a structure by a lease or lease-purchase. In this case, the School has not determined to acquire the turbine. It has an option to acquire it, but that option is totally at the discretion of the School and is subject to the option price complying with the acquisition rules. The School would not be in the position of determining to acquire the turbine until it took action to exercise the option to purchase.

The contact represents an agreement on the part of PSI to allow access to the turbine and the data produced by the turbine for educational purposes. It does not give the School control of the facility as it would have in a lease, nor exclusive right to use the facility for any purpose.

The option to purchase was granted by PSI as part of the contract. An option to purchase is used to lock up the land, lock in the price, give the school time to sell bonds to effect the purchase or give the seller the ability to move the sale into a different tax year. Options to purchase are used fairly frequently for some or all of those reasons. They have never been treated as a lease during the life of the option period.

"EXCELLENCE IN EDUCATION"

As outlined above, Randolph Eastern School Corporation and PSI hold the position that the contract for the wind turbine project in question is not a lease. That being said a course must be charted for moving forward from these two conflicting positions. One road would be reaching an agreement that this is not currently a lease agreement and therefore the requirement to follow the leasing statute would not apply. Another avenue would be to collect 50 signatures from taxpayers supporting the project sometime prior to the actual approval of any future payments. Following the receipt of the petition, the School Corporation would hold a hearing and re-authorize the execution of the contract prior to making any payments.

In an effort to comply with the State board of Accounts request on this matter, we will implement the petition and hearing process if it satisfied the concerns expressed by the State Board of Accounts. Please contact me in writing by February 29, 2012, if you would like for us to proceed with this remedy.