

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

GREATER RANDOLPH INTERLOCAL COOPERATIVE
RANDOLPH COUNTY, INDIANA

July 1, 2011 to June 30, 2013



FILED
02/21/2014

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3-5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statement Performed in Accordance With Government Auditing Standards	6-7
Financial Statement:	
Statement of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	11
Notes to Financial Statement	12-15
Supplementary Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis	18-21
Audit Result and Comment:	
Overdrawn Cash Balances	22
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control Over Compliance	24-25
Schedule of Expenditures of Federal Awards	29
Notes to Schedule of Expenditures of Federal Awards	30
Schedule of Findings and Questioned Costs	31
Exit Conference	32
Official Response	33

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Jan E. Hinty	07-01-11 to 06-30-14
Director	Lisa R. Waber	07-01-11 to 06-30-14
President of the Board	Dr. Gregory P. Hinshaw	07-01-11 to 06-30-14



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Greater Randolph Interlocal Cooperative (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

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

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2011 to June 30, 2013, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated January 13, 2014, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.

Accompanying Information

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the *U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances – Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

Other Information

The School Corporation's response to the Audit Result and Comment 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.


Paul D. Joyce, CPA
State Examiner

January 13, 2014



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON 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 GREATER RANDOLPH INTERLOCAL
COOPERATIVE, RANDOLPH COUNTY, INDIANA

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statement of the Greater Randolph Interlocal Cooperative (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2011 to June 30, 2013, and the related notes to the financial statement, and have issued our report thereon dated January 13, 2014, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or 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. A significant deficiency is a deficiency or combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

Compliance and Other Matters

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

Greater Randolph Interlocal Cooperative's Response to Findings

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

January 13, 2014

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

GREATER RANDOLPH INTERLOCAL COOPERATIVE
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2012 and 2013

	Cash and Investments 07-01-11	Receipts	Disbursements	Cash and Investments 06-30-12	Receipts	Disbursements	Cash and Investments 06-30-13
Interlocal - Main Cooperative	\$ 87,731	\$ 572,700	\$ 531,495	\$ 128,936	\$ 595,397	\$ 523,098	\$ 201,235
Interlocal - Preschool	30,415	353,705	303,933	80,187	311,620	346,781	45,026
Interlocal - Alternative Education	43,792	95,514	110,549	28,757	84,333	113,090	-
BASE Program	-	85,963	86,372	(409)	90,245	84,625	5,211
Suspension School	-	-	-	-	26,324	15,857	10,467
Donations - Instruction Support	4,222	3,444	3,063	4,603	1,590	4,261	1,932
ATC Donations	156	200	333	23	-	23	-
ATC Summer Bash Donations	4	-	4	-	-	-	-
Non-English Speaking Programs	125	-	-	125	-	-	125
Pass Through Grant 2009-10	686	-	686	-	-	-	-
Pass Through Grant 2010-11	-	130,721	130,721	-	-	-	-
Pass Through Grant 2011-12	-	1,113,566	1,113,704	(138)	147,399	147,261	-
Pass Through Grant 2012-13	-	-	-	-	1,055,738	1,056,146	(408)
Preschool Grant 2012-13	-	-	-	-	63,407	64,925	(1,518)
Preschool Grant 2010-11	6	22,684	22,690	-	-	-	-
Preschool Grant 2011-12	-	47,605	47,605	-	20,517	20,517	-
Pass Through ARRA Grant	-	25,773	25,773	-	-	-	-
Preschool ARRA Grant	3,977	6,963	10,940	-	-	-	-
PLATO License	-	-	-	-	57,580	61,355	(3,775)
Payroll Withholdings	(65)	267,353	267,026	262	218,427	217,456	1,233
Totals	<u>\$ 171,049</u>	<u>\$ 2,726,191</u>	<u>\$ 2,654,894</u>	<u>\$ 242,346</u>	<u>\$ 2,672,577</u>	<u>\$ 2,655,395</u>	<u>\$ 259,528</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
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.

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

Local sources 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.

State sources include distributions from the State of Indiana and are 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.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Federal sources include distributions from the federal government and are 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.

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.

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for authorized recipients, 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.

F. 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.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 2. 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 3. Risk Management

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

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

Note 4. 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:

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

Note 5. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. Most of these deficits were due to reimbursements not yet received from grantor agencies.

Note 6. Restatement

The Payroll Withholdings Fund was omitted from the financial statement for the year ended June 30, 2011. This fund, including its beginning deficit balance of \$65, is included in the financial statement for the two year period ended June 30, 2013.

(This page intentionally left blank.)

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 approved by management of the School Corporation. It is presented as intended by the School Corporation.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	Interlocal - Main Cooperative	Interlocal - Preschool	Interlocal - Alternative Education	BASE Program	Donation - Instruction Support	ATC Donations	ATC Summer Bash Donations	Non-English Speaking Programs	Pass Through Grant 2009-10
Cash and investments - beginning	\$ 87,731	\$ 30,415	\$ 43,792	\$ -	\$ 4,222	\$ 156	\$ 4	\$ 125	\$ 686
Receipts:									
Local sources	562,250	353,705	90,835	85,963	3,444	200	-	-	-
State sources	-	-	4,679	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Interfund loans	10,450	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>572,700</u>	<u>353,705</u>	<u>95,514</u>	<u>85,963</u>	<u>3,444</u>	<u>200</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	104,433	213,900	62,081	72,385	3,063	-	-	-	-
Support services	415,945	90,033	46,278	-	-	333	4	-	686
Facilities acquisition and construction	11,117	-	2,190	3,537	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	10,450	-	-	-	-	-
Total disbursements	<u>531,495</u>	<u>303,933</u>	<u>110,549</u>	<u>86,372</u>	<u>3,063</u>	<u>333</u>	<u>4</u>	<u>-</u>	<u>686</u>
Excess (deficiency) of receipts over disbursements	<u>41,205</u>	<u>49,772</u>	<u>(15,035)</u>	<u>(409)</u>	<u>381</u>	<u>(133)</u>	<u>(4)</u>	<u>-</u>	<u>(686)</u>
Cash and investments - ending	<u>\$ 128,936</u>	<u>\$ 80,187</u>	<u>\$ 28,757</u>	<u>\$ (409)</u>	<u>\$ 4,603</u>	<u>\$ 23</u>	<u>\$ -</u>	<u>\$ 125</u>	<u>\$ -</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Pass Through Grant 2010-11	Pass Through Grant 2011-12	Preschool Grant 2010-11	Preschool Grant 2011-12	Pass Through ARRA Grant	Preschool ARRA Grant	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ -	\$ 6	\$ -	\$ -	\$ 3,977	\$ (65)	\$ 171,049
Receipts:								
Local sources	-	-	-	-	61	-	-	1,096,458
State sources	-	-	-	-	-	-	-	4,679
Federal sources	130,721	1,113,566	22,684	47,605	25,712	6,963	-	1,347,251
Interfund loans	-	-	-	-	-	-	-	10,450
Other	-	-	-	-	-	-	267,353	267,353
Total receipts	<u>130,721</u>	<u>1,113,566</u>	<u>22,684</u>	<u>47,605</u>	<u>25,773</u>	<u>6,963</u>	<u>267,353</u>	<u>2,726,191</u>
Disbursements:								
Current:								
Instruction	119,470	1,077,862	-	33,080	24,985	9,493	-	1,720,752
Support services	11,251	35,842	22,690	14,525	787	1,447	-	639,821
Facilities acquisition and construction	-	-	-	-	-	-	-	16,844
Nonprogrammed charges	-	-	-	-	1	-	267,026	267,027
Interfund loans	-	-	-	-	-	-	-	10,450
Total disbursements	<u>130,721</u>	<u>1,113,704</u>	<u>22,690</u>	<u>47,605</u>	<u>25,773</u>	<u>10,940</u>	<u>267,026</u>	<u>2,654,894</u>
Excess (deficiency) of receipts over disbursements	-	(138)	(6)	-	-	(3,977)	327	71,297
Cash and investments - ending	<u>\$ -</u>	<u>\$ (138)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 262</u>	<u>\$ 242,346</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	Interlocal - Main Cooperative	Interlocal - Preschool	Interlocal - Alternative Education	BASE Program	Suspension School	Donation - Instruction Support	ATC Donations	Non-English Speaking Programs
Cash and investments - beginning	\$ 128,936	\$ 80,187	\$ 28,757	\$ (409)	\$ -	\$ 4,603	\$ 23	\$ 125
Receipts:								
Local sources	595,397	311,620	78,443	90,245	26,324	1,590	-	-
State sources	-	-	4,157	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Interfund loans	-	-	1,733	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	<u>595,397</u>	<u>311,620</u>	<u>84,333</u>	<u>90,245</u>	<u>26,324</u>	<u>1,590</u>	<u>-</u>	<u>-</u>
Disbursements:								
Current:								
Instruction	101,681	253,454	59,668	81,089	13,379	4,261	-	-
Support services	408,567	93,327	51,232	-	1,614	-	23	-
Facilities acquisition and construction	11,117	-	2,190	3,536	864	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	1,733	-	-	-	-	-	-	-
Total disbursements	<u>523,098</u>	<u>346,781</u>	<u>113,090</u>	<u>84,625</u>	<u>15,857</u>	<u>4,261</u>	<u>23</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>72,299</u>	<u>(35,161)</u>	<u>(28,757)</u>	<u>5,620</u>	<u>10,467</u>	<u>(2,671)</u>	<u>(23)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 201,235</u>	<u>\$ 45,026</u>	<u>\$ -</u>	<u>\$ 5,211</u>	<u>\$ 10,467</u>	<u>\$ 1,932</u>	<u>\$ -</u>	<u>\$ 125</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Pass Through Grant 2011-12	Pass Through Grant 2012-13	Preschool Grant 2012-13	Preschool Grant 2011-12	PLATO License	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (138)	\$ -	\$ -	\$ -	\$ -	\$ 262	\$ 242,346
Receipts:							
Local sources	-	-	-	-	57,580	-	1,161,199
State sources	-	-	-	-	-	-	4,157
Federal sources	147,399	1,055,738	63,407	20,517	-	-	1,287,061
Interfund loans	-	-	-	-	-	-	1,733
Other	-	-	-	-	-	218,427	218,427
Total receipts	<u>147,399</u>	<u>1,055,738</u>	<u>63,407</u>	<u>20,517</u>	<u>57,580</u>	<u>218,427</u>	<u>2,672,577</u>
Disbursements:							
Current:							
Instruction	140,361	1,016,617	31,885	-	-	-	1,702,395
Support services	6,900	39,529	33,040	20,517	61,355	-	716,104
Facilities acquisition and construction	-	-	-	-	-	-	17,707
Nonprogrammed charges	-	-	-	-	-	217,456	217,456
Interfund loans	-	-	-	-	-	-	1,733
Total disbursements	<u>147,261</u>	<u>1,056,146</u>	<u>64,925</u>	<u>20,517</u>	<u>61,355</u>	<u>217,456</u>	<u>2,655,395</u>
Excess (deficiency) of receipts over disbursements	<u>138</u>	<u>(408)</u>	<u>(1,518)</u>	<u>-</u>	<u>(3,775)</u>	<u>971</u>	<u>17,182</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (408)</u>	<u>\$ (1,518)</u>	<u>\$ -</u>	<u>\$ (3,775)</u>	<u>\$ 1,233</u>	<u>\$ 259,528</u>

GREATER RANDOLPH INTERLOCAL COOPERATIVE
AUDIT RESULT AND COMMENT

OVERDRAWN CASH BALANCES

At June 30, 2012, the BASE Program Fund's cash balance was overdrawn by \$409. At June 30, 2013, the PLATO License Fund's cash balance was overdrawn by \$3,775.

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

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Greater Randolph Interlocal Cooperative's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on its major federal program for the period of July 1, 2011 to June 30, 2013. The School Corporation's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the School Corporation's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2011 to June 30, 2013.

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

Other Matters

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for the major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or 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. 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.

Our consideration of 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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The School Corporation's response to our audit is described in the accompanying Official Response. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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


Paul D. Joyce, CPA
State Examiner

January 13, 2014

(This page intentionally left blank.)

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.

(This page intentionally left blank.)

GREATER RANDOLPH INTERLOCAL COOPERATIVE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2012 and 2013

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-12	Total Federal Awards Expended 06-30-13
<u>U.S. Department of Education</u>					
Special Education Cluster					
Special Education - Grants to States	Indiana Department of Education	84.027			
			14211-066-PN01	\$ 130,721	\$ -
			14212-066-PN01	1,113,566	147,399
			14213-066-PN01	-	<u>1,055,738</u>
Total - Special Education - Grants to States				<u>1,244,287</u>	<u>1,203,137</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173			
			45711-066-PN01	22,684	-
			45712-066-PN01	47,605	20,517
			45713-066-PN01	-	<u>63,407</u>
Total - Special Education - Preschool Grants				<u>70,289</u>	<u>83,924</u>
ARRA - Special Education - Grants to States, Recovery Act	Indiana Department of Education	84.391			
			33310-066-SN01	<u>25,773</u>	-
ARRA - Special Education - Preschool Grants, Recovery Act	Indiana Department of Education	84.392			
			44410-066-SN01	<u>6,963</u>	-
Total federal awards expended				<u>\$ 1,347,312</u>	<u>\$ 1,287,061</u>

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

GREATER RANDOLPH INTERLOCAL COOPERATIVE
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Greater Randolph Interlocal Cooperative (School Corporation) and is presented in accordance with the 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. Subrecipients

Of the federal expenditures presented in the schedule, the School Corporation provided federal awards to subrecipients as follows for the years ended June 30, 2012 and 2013:

Program Title	Federal CFDA Number	2012	2013
Special Education - Grants to States	84.027	\$1,119,883	\$1,078,501
ARRA - Special Education - Grants to States, Recovery Act	84.391	24,985	-

GREATER RANDOLPH INTERLOCAL COOPERATIVE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major program:	
Material weaknesses identified?	no
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major program:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	no

Identification of Major Program:

Name of Federal Program or Cluster

Special Education Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

GREATER RANDOLPH INTERLOCAL COOPERATIVE
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2014, with Lisa R. Waber, Director; Jan E. Hinty, Treasurer; and Dr. Gregory P. Hinshaw, President of the Board. The Official Response has been made a part of this report and may be found on page 33.



GREATER RANDOLPH INTERLOCAL COOPERATIVE

325 S. OAK ST. SUITE L103 WINCHESTER, IN 47394

PHONE: 765-584-7602

FAX: 765-584-7544

E-Mail: lwaber@randolphcentral.us

Lisa Waber - Director

Jan Hinty - Secretary/Treasurer

Renee Weigand - Secretary

January 17, 2014

Dear State Board of Accounts:

Official Response:

The recent audit of Greater Randolph Interlocal Cooperative resulted in an audit comment. The PLATO License Clearing Account had a deficit cash balance as of June 30, 2013. According to the Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9, the cash balance of any fund may not be reduced below zero.

We do understand that ruling, especially as it applies to major funds. This issue was a one-time occurrence due to the corporations and PLATO making changes to the original order. The Board determined they would divide the amount due into two payments to cover the costs of the program. The second installment will be due in April of 2014. This will rectify the deficit cash balance. Note: this was a clearing account that was not a part of the audit previously.

Sincerely,

Lisa Waber
Director