

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, 2013 to June 30, 2015



FILED
08/12/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda R. Peacock	01-01-13 to 12-31-16
Superintendent of Schools	Cathy A. Stephen (Interim) Lisa K. Smith	07-01-13 to 07-14-13 07-15-13 to 12-31-16
President of the School Board	Kurt L. Prescott Selina Miller	07-01-13 to 12-31-13 01-01-14 to 12-31-16



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Randolph Eastern School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement as listed in the Table of Contents.

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, 2013 to June 30, 2015.

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, 2013 to June 30, 2015, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

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.


Other Information

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 Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated June 6, 2016, 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.


Paul D. Joyce, CPA
State Examiner

June 6, 2016



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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 RANDOLPH EASTERN SCHOOL
CORPORATION, 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 Randolph Eastern School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2013 to June 30, 2015, and the related notes to the financial statement, and have issued our report thereon dated June 6, 2016, 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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2015-001 and 2015-002 to be material weaknesses.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Randolph Eastern School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. 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

June 6, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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.

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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, 2014 and 2015

Fund	Cash and Investments 07-01-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15
General	\$ 1,282,604	\$ 6,184,854	\$ 5,829,236	\$ (300,000)	\$ 1,338,222	\$ 6,285,953	\$ 5,831,257	\$ (500,000)	\$ 1,292,918
Debt Service	239,247	706,737	711,719	(11,948)	222,317	769,583	711,919	(18,622)	261,359
Retirement/Severance Bond Debt Service	16,091	37,138	52,994	-	235	11,277	11,512	-	-
Capital Projects	554,520	645,082	794,593	-	405,009	690,330	697,654	-	397,685
School Transportation	317,130	494,949	433,260	-	378,819	521,904	407,144	(90,000)	403,579
School Bus Replacement	51,079	84,422	71,084	-	64,417	94,619	44,904	-	114,132
Rainy Day	1,141,307	-	72,717	300,000	1,368,590	28,590	324,789	590,000	1,662,391
School Lunch	178,091	475,914	469,229	-	184,776	468,018	476,420	-	176,374
Textbook Rental	92,189	98,717	86,911	11,948	115,943	98,856	191,969	18,622	41,452
Levy Excess	-	-	-	-	-	148	-	-	148
Educational License Plates	1,356	168	1,524	-	-	150	-	-	150
Reading Recovery	3,000	-	3,000	-	-	-	-	-	-
Community Grant	971	1,850	436	-	2,385	240	1,958	-	667
Happy Trails Scholarship	200	-	200	-	-	-	-	-	-
Mattha Harrison Vocational	67	-	67	-	-	-	-	-	-
Science Camp	1,011	-	1,011	-	-	-	-	-	-
Adult and Continuing Education	400	-	400	-	-	-	-	-	-
John D. Wilson Scholarship Fund	12,633	6,724	13,455	-	5,902	5,400	5,902	-	5,400
David and Carol Young Scholarship	43,151	45,000	44,551	-	43,600	45,000	45,364	-	43,236
Steve Reish Athletic Scholarship	1,222	-	500	-	722	-	722	-	-
Bill and Mary Lou Fulk Scholarship	1,000	1,000	1,000	-	1,000	1,000	1,000	-	1,000
W L Witters Biol Preserve	2,081	-	-	-	2,081	-	-	-	2,081
B Everett Memorial Nature Prog	45	-	-	-	45	-	-	-	45
Community Foundation/Literacy Coalition	82	-	-	-	82	-	-	-	82
G/T High Ability Grant FY 14-15	-	-	-	-	-	27,341	23,970	-	3,371
G/T High Ability Grant FY 13-14	-	27,244	24,771	-	2,473	-	2,473	-	-
Medicaid Reimbursement - State	2,890	4,142	6,643	-	389	2,153	1,336	-	1,206
Secured Schools Safety Grant	-	-	-	-	-	9,928	8,531	-	1,397
Non-English Speaking	-	5,254	5,254	-	-	-	-	-	-
Non-English Speaking 2014-15	-	-	-	-	-	5,497	5,497	-	-
School Technology	-	3,617	3,617	-	-	3,669	3,544	-	125
Wellness Grant 12-13	3,847	-	3,847	-	-	-	-	-	-
Senator David Ford Technology	300	-	300	-	-	-	-	-	-
Teacher Instruction Mini-Grant	4,031	-	995	-	3,036	-	999	-	2,037
Title I	-	-	-	-	-	322,297	352,287	-	(29,990)
Title I FY 13	(30,974)	91,436	60,462	-	-	-	-	-	-
Title I FY 14	-	306,871	334,723	-	(27,852)	69,567	41,715	-	-
IDEA Part B, P.L. 105-17 FY 12-13	(5,914)	5,914	42	-	(42)	42	-	-	-
IDEA Part B, P.L. 105-17 FY 13-14	-	185,014	198,733	-	(13,719)	13,719	-	-	-
Special Education Technical Assistance Grant	-	135	135	-	-	4,629	4,629	-	-
IDEA Part B, P.L. 105-17 FY 14-15	-	-	-	-	-	191,244	200,946	-	(9,702)
Medicaid Reimbursement - Federal	12,773	7,664	1,789	-	18,648	3,917	1,996	-	20,569
Title II, A FY 11	-	9,306	9,306	-	-	-	-	-	-
Title II, A FY 12	-	17,661	22,075	-	(4,414)	23,269	18,855	-	-
Title II, A FY 13	-	4,500	4,500	-	-	13,426	13,426	-	-
Rural and Low Income School FY 11	(320)	1,276	956	-	-	-	-	-	-
Rural and Low Income School FY 12	-	17,975	17,975	-	-	-	-	-	-
Rural and Low Income School FY 13	-	588	588	-	-	6,017	6,017	-	-
Rural and Low Income School FY 14	-	-	-	-	-	304	304	-	-
Title III, Limited English 12-13	(1,487)	7,283	5,796	-	-	-	-	-	-
Title III, Limited English 13-14	-	-	6,708	-	(6,708)	8,203	1,495	-	-
Title III - WIDA Grant	-	-	-	-	-	214	214	-	-
Title III, English Prof 14-15	-	-	-	-	-	-	8,310	-	(8,310)
Textbook Rental Clearing	-	45,303	45,303	-	-	48,129	48,129	-	-
Payroll Clearing	26,441	1,612,632	1,596,934	-	42,139	1,632,535	1,640,290	-	34,384
Totals	\$ 3,951,064	\$ 11,136,370	\$ 10,939,339	\$ -	\$ 4,148,095	\$ 11,407,168	\$ 11,137,477	\$ -	\$ 4,417,786

The notes to the financial statement are 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.

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.

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources, which 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.

Federal sources, which 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.

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.

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:

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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.

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 a cost-sharing 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
One North Capitol, 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.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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
One North Capitol, 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 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2014 and 2015.

Note 8. Holding Corporation

The School Corporation has entered into a capital lease with the Randolph Eastern School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years ended June 30, 2014 and 2015, totaled \$175,000 and \$175,000, respectively.

RANDOLPH EASTERN SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Subsequent Events

The School Corporation invested in a wind turbine in 2009. The wind turbine is owned by PSI Energy Production Services (PSI). The School Corporation has an agreement with PSI, stating that PSI will take the electricity produced by the wind turbine and sell it on the open market. The agreement also states that if the revenue from the sale of electricity does not enable PSI to pay the loan payment, the School Corporation will pay the shortfall up to \$77,000 twice per year. In the event that the revenues from the sale of electricity exceed the operating expenses of PSI, then the School Corporation will receive payment for its investment. The School Corporation does not receive any of its energy needs from the wind turbine. PSI has invoiced the School Corporation as of February 15, 2016, requesting payment in the amount of \$1,600,000, which is approximately the initial capital cost of the wind turbine. PSI also invoiced the School Corporation for \$770,000 for five years of "access fee" payments for the five year period since the wind turbine has been intermittently operational. RESC has rejected PSI's settlement demand. Counsel has and will continue to argue that the contract is void and, therefore, the School Corporation should have no liability; however, litigation costs could exceed \$200,000.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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 other information presented was 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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 1,282,604	\$ 239,247	\$ 16,091	\$ 554,520	\$ 317,130	\$ 51,079	\$ 1,141,307	\$ 178,091
Receipts:								
Local sources	92,443	706,737	37,138	645,082	494,949	84,422	-	114,680
Intermediate sources	22,694	-	-	-	-	-	-	-
State sources	6,069,613	-	-	-	-	-	-	3,945
Federal sources	-	-	-	-	-	-	-	357,084
Other	104	-	-	-	-	-	-	205
Total receipts	6,184,854	706,737	37,138	645,082	494,949	84,422	-	475,914
Disbursements:								
Current:								
Instruction	3,991,556	-	-	-	-	-	-	-
Support services	1,649,382	-	-	255,541	433,260	71,084	1,600	454
Noninstructional services	90,696	-	-	-	-	-	-	468,775
Facilities acquisition and construction	-	-	-	539,052	-	-	71,117	-
Debt services	97,602	711,719	52,994	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,829,236	711,719	52,994	794,593	433,260	71,084	72,717	469,229
Excess (deficiency) of receipts over disbursements	355,618	(4,982)	(15,856)	(149,511)	61,689	13,338	(72,717)	6,685
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	300,000	-
Transfers out	(300,000)	(11,948)	-	-	-	-	-	-
Total other financing sources (uses)	(300,000)	(11,948)	-	-	-	-	300,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	55,618	(16,930)	(15,856)	(149,511)	61,689	13,338	227,283	6,685
Cash and investments - ending	\$ 1,338,222	\$ 222,317	\$ 235	\$ 405,009	\$ 378,819	\$ 64,417	\$ 1,368,590	\$ 184,776

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, 2014
(Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Reading Recovery	Community Grant	Happy Trails Scholarship	Martha Harrison Vocational	Science Camp
Cash and investments - beginning	\$ 92,189	\$ -	\$ 1,356	\$ 3,000	\$ 971	\$ 200	\$ 67	\$ 1,011
Receipts:								
Local sources	53,414	-	-	-	1,850	-	-	-
Intermediate sources	-	-	168	-	-	-	-	-
State sources	45,303	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	98,717	-	168	-	1,850	-	-	-
Disbursements:								
Current:								
Instruction	-	-	1,524	3,000	436	-	67	1,011
Support services	86,911	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	200	-	-
Total disbursements	86,911	-	1,524	3,000	436	200	67	1,011
Excess (deficiency) of receipts over disbursements	11,806	-	(1,356)	(3,000)	1,414	(200)	(67)	(1,011)
Other financing sources (uses):								
Transfers in	11,948	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	11,948	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	23,754	-	(1,356)	(3,000)	1,414	(200)	(67)	(1,011)
Cash and investments - ending	\$ 115,943	\$ -	\$ -	\$ -	\$ 2,385	\$ -	\$ -	\$ -

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, 2014
(Continued)

	Adult and Continuing Education	John D. Wilson Scholarship Fund	David and Carol Young Scholarship	Steve Reish Athletic Scholarship	Bill and Mary Lou Fulk Scholarship	W L Witters Biol Preserve	B Everett Memorial Nature Prog	Community Foundation/ Literacy Coalition
Cash and investments - beginning	\$ 400	\$ 12,633	\$ 43,151	\$ 1,222	\$ 1,000	\$ 2,081	\$ 45	\$ 82
Receipts:								
Local sources	-	6,724	45,000	-	1,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	6,724	45,000	-	1,000	-	-	-
Disbursements:								
Current:								
Instruction	400	-	50	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	13,455	44,501	500	1,000	-	-	-
Total disbursements	400	13,455	44,551	500	1,000	-	-	-
Excess (deficiency) of receipts over disbursements	(400)	(6,731)	449	(500)	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(400)	(6,731)	449	(500)	-	-	-	-
Cash and investments - ending	\$ -	\$ 5,902	\$ 43,600	\$ 722	\$ 1,000	\$ 2,081	\$ 45	\$ 82

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, 2014
(Continued)

	G/T High Ability Grant FY 14-15	G/T High Ability Grant FY 13-14	Medicaid Reimbursement - State	Secured Schools Safety Grant	Non-English Speaking	Non-English Speaking 2014-2015	School Technology	Wellness Grant 12-13
Cash and investments - beginning	\$ -	\$ -	\$ 2,890	\$ -	\$ -	\$ -	\$ -	\$ 3,847
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	27,244	4,142	-	5,254	-	3,617	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	27,244	4,142	-	5,254	-	3,617	-
Disbursements:								
Current:								
Instruction	-	24,771	-	-	5,254	-	-	-
Support services	-	-	6,643	-	-	-	3,617	3,847
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	24,771	6,643	-	5,254	-	3,617	3,847
Excess (deficiency) of receipts over disbursements	-	2,473	(2,501)	-	-	-	-	(3,847)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,473	(2,501)	-	-	-	-	(3,847)
Cash and investments - ending	\$ -	\$ 2,473	\$ 389	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2014
 (Continued)

	Senator David Ford Technology	Teacher Instruction Mini-Grant	Title I	Title I FY 13	Title I FY 14	IDEA Part B, P. L. 105-17 FY 12-13	IDEA Part B, P. L. 105-17 FY 13-14	Special Education Technical Assistance Grant
Cash and investments - beginning	\$ 300	\$ 4,031	\$ -	\$ (30,974)	\$ -	\$ (5,914)	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	91,436	306,871	5,914	185,014	135
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	-	91,436	306,871	5,914	185,014	135
Disbursements:								
Current:								
Instruction	-	995	-	60,462	332,800	42	198,733	135
Support services	300	-	-	-	1,923	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	300	995	-	60,462	334,723	42	198,733	135
Excess (deficiency) of receipts over disbursements	(300)	(995)	-	30,974	(27,852)	5,872	(13,719)	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(300)	(995)	-	30,974	(27,852)	5,872	(13,719)	-
Cash and investments - ending	\$ -	\$ 3,036	\$ -	\$ -	\$ (27,852)	\$ (42)	\$ (13,719)	\$ -

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, 2014
(Continued)

	IDEA Part B, P. L. 105-17 FY 14-15	Medicaid Reimbursement - Federal	Title II, A FY 11	Title II, A FY 12	Title II, A FY 13	Rural and Low Income School FY 11	Rural and Low Income School FY 12	Rural and Low Income School FY 13
Cash and investments - beginning	\$ -	\$ 12,773	\$ -	\$ -	\$ -	\$ (320)	\$ -	\$ -
Receipts:								
Local sources	-	7,664	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	9,306	17,661	4,500	1,276	17,975	588
Other	-	-	-	-	-	-	-	-
Total receipts	-	7,664	9,306	17,661	4,500	1,276	17,975	588
Disbursements:								
Current:								
Instruction	-	516	-	-	-	-	17,975	-
Support services	-	1,273	9,306	22,075	4,500	620	-	588
Noninstructional services	-	-	-	-	-	336	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	1,789	9,306	22,075	4,500	956	17,975	588
Excess (deficiency) of receipts over disbursements	-	5,875	-	(4,414)	-	320	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	5,875	-	(4,414)	-	320	-	-
Cash and investments - ending	\$ -	\$ 18,648	\$ -	\$ (4,414)	\$ -	\$ -	\$ -	\$ -

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, 2014
(Continued)

	Rural and Low Income School FY 14	Title III, Limited English 12-13	Title III, Limited English 13-14	Title III - WIDA Grant	Title III , English Prof 14-15	Textbook Rental Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ (1,487)	\$ -	\$ -	\$ -	\$ -	\$ 26,441	\$ 3,951,064
Receipts:								
Local sources	-	-	-	-	-	-	-	2,291,103
Intermediate sources	-	-	-	-	-	-	-	22,862
State sources	-	-	-	-	-	-	-	6,159,118
Federal sources	-	7,283	-	-	-	-	-	1,005,043
Other	-	-	-	-	-	45,303	1,612,632	1,658,244
Total receipts	-	7,283	-	-	-	45,303	1,612,632	11,136,370
Disbursements:								
Current:								
Instruction	-	5,796	6,708	-	-	-	-	4,652,231
Support services	-	-	-	-	-	-	-	2,552,924
Noninstructional services	-	-	-	-	-	-	-	559,807
Facilities acquisition and construction	-	-	-	-	-	-	-	610,169
Debt services	-	-	-	-	-	-	-	862,315
Nonprogrammed charges	-	-	-	-	-	45,303	1,596,934	1,701,893
Total disbursements	-	5,796	6,708	-	-	45,303	1,596,934	10,939,339
Excess (deficiency) of receipts over disbursements	-	1,487	(6,708)	-	-	-	15,698	197,031
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	311,948
Transfers out	-	-	-	-	-	-	-	(311,948)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,487	(6,708)	-	-	-	15,698	197,031
Cash and investments - ending	\$ -	\$ -	\$ (6,708)	\$ -	\$ -	\$ -	\$ 42,139	\$ 4,148,095

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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 1,338,222	\$ 222,317	\$ 235	\$ 405,009	\$ 378,819	\$ 64,417	\$ 1,368,590	\$ 184,776
Receipts:								
Local sources	102,915	769,583	11,277	690,330	514,104	94,619	28,590	100,160
Intermediate sources	22	-	-	-	-	-	-	-
State sources	6,182,913	-	-	-	-	-	-	3,458
Federal sources	-	-	-	-	-	-	-	364,193
Other	103	-	-	-	7,800	-	-	207
Total receipts	6,285,953	769,583	11,277	690,330	521,904	94,619	28,590	468,018
Disbursements:								
Current:								
Instruction	4,004,072	-	-	-	-	-	-	-
Support services	1,730,070	-	-	231,476	407,144	44,904	-	205
Noninstructional services	97,115	-	-	-	-	-	-	476,215
Facilities acquisition and construction	-	-	-	466,178	-	-	310,696	-
Debt services	-	711,919	11,512	-	-	-	14,093	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	5,831,257	711,919	11,512	697,654	407,144	44,904	324,789	476,420
Excess (deficiency) of receipts over disbursements	454,696	57,664	(235)	(7,324)	114,760	49,715	(296,199)	(8,402)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	590,000	-
Transfers out	(500,000)	(18,622)	-	-	(90,000)	-	-	-
Total other financing sources (uses)	(500,000)	(18,622)	-	-	(90,000)	-	590,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,304)	39,042	(235)	(7,324)	24,760	49,715	293,801	(8,402)
Cash and investments - ending	\$ 1,292,918	\$ 261,359	\$ -	\$ 397,685	\$ 403,579	\$ 114,132	\$ 1,662,391	\$ 176,374

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, 2015
(Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Reading Recovery	Community Grant	Happy Trails Scholarship	Martha Harrison Vocational	Science Camp
Cash and investments - beginning	\$ 115,943	\$ -	\$ -	\$ -	\$ 2,385	\$ -	\$ -	\$ -
Receipts:								
Local sources	50,727	-	-	-	240	-	-	-
Intermediate sources	-	-	150	-	-	-	-	-
State sources	48,129	148	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	98,856	148	150	-	240	-	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	1,704	-	-	-
Support services	191,969	-	-	-	254	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	191,969	-	-	-	1,958	-	-	-
Excess (deficiency) of receipts over disbursements	(93,113)	148	150	-	(1,718)	-	-	-
Other financing sources (uses):								
Transfers in	18,622	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	18,622	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(74,491)	148	150	-	(1,718)	-	-	-
Cash and investments - ending	\$ 41,452	\$ 148	\$ 150	\$ -	\$ 667	\$ -	\$ -	\$ -

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, 2015
(Continued)

	Adult and Continuing Education	John D. Wilson Scholarship Fund	David and Carol Young Scholarship	Steve Reish Athletic Scholarship	Bill and Mary Lou Fulk Scholarship	W L Witters Biol Preserve	B Everett Memorial Nature Prog	Community Foundation/ Literacy Coalition
Cash and investments - beginning	\$ -	\$ 5,902	\$ 43,600	\$ 722	\$ 1,000	\$ 2,081	\$ 45	\$ 82
Receipts:								
Local sources	-	5,400	45,000	-	1,000	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	5,400	45,000	-	1,000	-	-	-
Disbursements:								
Current:								
Instruction	-	-	414	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	5,902	44,950	722	1,000	-	-	-
Total disbursements	-	5,902	45,364	722	1,000	-	-	-
Excess (deficiency) of receipts over disbursements	-	(502)	(364)	(722)	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(502)	(364)	(722)	-	-	-	-
Cash and investments - ending	\$ -	\$ 5,400	\$ 43,236	\$ -	\$ 1,000	\$ 2,081	\$ 45	\$ 82

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, 2015
 (Continued)

	G/T High Ability Grant FY 14-15	G/T High Ability Grant FY 13-14	Medicaid Reimbursement - State	Secured Schools Safety Grant	Non-English Speaking	Non-English Speaking 2014-2015	School Technology	Wellness Grant 12-13
Cash and investments - beginning	\$ -	\$ 2,473	\$ 389	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	27,341	-	2,153	9,928	-	5,497	3,669	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	27,341	-	2,153	9,928	-	5,497	3,669	-
Disbursements:								
Current:								
Instruction	23,970	2,473	-	-	-	5,497	-	-
Support services	-	-	1,336	8,531	-	-	3,544	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	23,970	2,473	1,336	8,531	-	5,497	3,544	-
Excess (deficiency) of receipts over disbursements	3,371	(2,473)	817	1,397	-	-	125	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,371	(2,473)	817	1,397	-	-	125	-
Cash and investments - ending	\$ 3,371	\$ -	\$ 1,206	\$ 1,397	\$ -	\$ -	\$ 125	\$ -

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, 2015
(Continued)

	Senator David Ford Technology	Teacher Instruction Mini-Grant	Title I	Title I FY 13	Title I FY 14	IDEA Part B, P. L. 105-17 FY 12-13	IDEA Part B, P. L. 105-17 FY 13-14	Special Education Technical Assistance Grant
Cash and investments - beginning	\$ -	\$ 3,036	\$ -	\$ -	\$ (27,852)	\$ (42)	\$ (13,719)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	-	322,297	-	69,567	42	13,719	4,629
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	322,297	-	69,567	42	13,719	4,629
Disbursements:								
Current:								
Instruction	-	999	343,648	-	41,715	-	-	4,629
Support services	-	-	8,113	-	-	-	-	-
Noninstructional services	-	-	526	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	999	352,287	-	41,715	-	-	4,629
Excess (deficiency) of receipts over disbursements	-	(999)	(29,990)	-	27,852	42	13,719	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(999)	(29,990)	-	27,852	42	13,719	-
Cash and investments - ending	\$ -	\$ 2,037	\$ (29,990)	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015
 (Continued)

	IDEA Part B, P. L. 105-17 FY 14-15	Medicaid Reimbursement - Federal	Title II, A FY 11	Title II, A FY 12	Title II, A FY 13	Rural and Low Income School FY 11	Rural and Low Income School FY 12	Rural and Low Income School FY 13
Cash and investments - beginning	\$ -	\$ 18,648	\$ -	\$ (4,414)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	3,917	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	191,244	-	-	23,269	13,426	-	-	6,017
Other	-	-	-	-	-	-	-	-
Total receipts	191,244	3,917	-	23,269	13,426	-	-	6,017
Disbursements:								
Current:								
Instruction	200,946	1,744	-	-	-	-	-	-
Support services	-	252	-	18,855	13,426	-	-	6,017
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	200,946	1,996	-	18,855	13,426	-	-	6,017
Excess (deficiency) of receipts over disbursements	(9,702)	1,921	-	4,414	-	-	-	-
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,702)	1,921	-	4,414	-	-	-	-
Cash and investments - ending	\$ (9,702)	\$ 20,569	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2015
 (Continued)

	Rural and Low Income School FY 14	Title III, Limited English 12-13	Title III, Limited English 13-14	Title III - WIDA Grant	Title III, English Prof 14-15	Textbook Rental Clearing	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (6,708)	\$ -	\$ -	\$ -	\$ 42,139	\$ 4,148,095
Receipts:								
Local sources	-	-	-	-	-	-	-	2,417,862
Intermediate sources	-	-	-	-	-	-	-	172
State sources	-	-	-	-	-	-	-	6,283,236
Federal sources	304	-	8,203	214	-	-	-	1,017,124
Other	-	-	-	-	-	48,129	1,632,535	1,688,774
Total receipts	304	-	8,203	214	-	48,129	1,632,535	11,407,168
Disbursements:								
Current:								
Instruction	-	-	1,495	214	8,310	-	-	4,641,830
Support services	304	-	-	-	-	-	-	2,666,400
Noninstructional services	-	-	-	-	-	-	-	573,856
Facilities acquisition and construction	-	-	-	-	-	-	-	776,874
Debt services	-	-	-	-	-	-	-	737,524
Nonprogrammed charges	-	-	-	-	-	48,129	1,640,290	1,740,993
Total disbursements	304	-	1,495	214	8,310	48,129	1,640,290	11,137,477
Excess (deficiency) of receipts over disbursements	-	-	6,708	-	(8,310)	-	(7,755)	269,691
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	608,622
Transfers out	-	-	-	-	-	-	-	(608,622)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	6,708	-	(8,310)	-	(7,755)	269,691
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ (8,310)	\$ -	\$ 34,384	\$ 4,417,786

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RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2015

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 145,616</u>	<u>\$ 48,002</u>

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2015

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Randolph Eastern School Building Corporation	QZAB 2002 - Construction	\$ 75,000	7/17/2002	12/31/2016
Randolph Eastern School Building Corporation	QZAB 2006 - Construction	<u>100,000</u>	12/15/2005	12/31/2021
Total governmental activities		<u>175,000</u>		
Total of annual lease payments		<u><u>\$ 175,000</u></u>		

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose	
Governmental activities:		
Notes and loans payable	Common School Loan - Construction	\$ 5,689,353
		<u>\$ 536,819</u>
Totals		<u><u>\$ 5,689,353</u></u>
		<u><u>\$ 536,819</u></u>

RANDOLPH EASTERN SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2015

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
Governmental activities:	
Land	\$ 133,341
Buildings	16,245,141
Improvements other than buildings	1,404,475
Machinery, equipment, and vehicles	1,869,231
Construction in progress	<u>295,084</u>
Total governmental activities	<u>19,947,272</u>
Total capital assets	<u><u>\$ 19,947,272</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Report on Compliance for Each Major Federal Program

We have audited the Randolph Eastern School Corporation'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 each of its major federal programs for the period of July 1, 2013 to June 30, 2015. 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.

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 each of the School Corporation's major federal programs 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 each 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 each of its major federal programs for the period of July 1, 2013 to June 30, 2015.

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2015-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. 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 each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each 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.


Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies, and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2015-003, 2015-004, and 2015-005 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. 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.

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

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

June 6, 2016

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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, 2014 and 2015

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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	6835	\$ 67,306	\$ 65,186
National School Lunch Program	Indiana Department of Education	10.555	6835	318,786	326,239
Summer Food Service Program for Children	Indiana Department of Education	10.559	6835	5,337	6,973
Total - Child Nutrition Cluster				391,429	398,398
Total - Department of Agriculture				391,429	398,398
<u>Department of Education</u>					
Title I, Part A					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	13-6835	91,436	-
			14-6835	306,871	69,567
			15-6835	-	322,297
Total - Title I, Part A				398,307	391,864
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027	14212-066-PN01	321	-
			14213-066-PN01	6,460	42
			14214-066-PN01	202,503	13,731
			14215-066-PN01	-	208,253
			99914-066-PN01	135	4,629
Total - Special Education_Grants to States				209,419	226,655
Special Education_Preschool Grants	Indiana Department of Education	84.173	45713-066-PN01	407	-
			45714-066-PN01	6,598	6,925
			45715-066-PN01	-	13,470
Total - Special Education_Preschool Grants				7,005	20,395
Total - Special Education Cluster (IDEA)				216,424	247,050

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, 2014 and 2015
(Continued)

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 06-30-14	Total Federal Awards Expended 06-30-15
<u>Department of Education (continued)</u>					
Rural Education	Indiana Department of Education	84.358	FY 11	1,276	-
			FY 12	17,975	-
			FY 13	588	6,017
			FY 14	-	304
Total - Rural Education				19,839	6,321
English Language Acquisition State Grants	Jay School Corporation	84.365	FY 12	7,283	-
			FY 13	-	214
			FY 14	-	8,203
Total - English Language Acquisition State Grants				7,283	8,417
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	FY 11	9,306	-
			FY 12	17,661	23,269
			FY 13	4,500	13,426
Total - Improving Teacher Quality State Grants				31,467	36,695
Total - Department of Education				673,320	690,347
Total federal awards expended				\$ 1,064,749	\$ 1,088,745

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 (SEFA) includes the federal grant activity of the 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 5-11-1-25), 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, 2014 and 2015. This noncash assistance is also included in the federal expenditures presented in the SEFA.

Program Title	Federal CFDA Number	2014	2015
National School Lunch Program	10.555	\$ 34,345	\$ 34,205

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:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Special Education Cluster (IDEA)
Title I, Part A

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

FINDING 2015-001 - INTERNAL CONTROLS RELATED TO THE PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

There was a deficiency in the internal control system of the School Corporation related to the preparation of the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the SEFA. The School Corporation Treasurer prepared the SEFA and the Superintendent of Schools reviewed the SEFA; however, the SEFA was still incorrect.

Expenditures of the Greater Randolph Inter-local Co-Operative made on behalf of the School Corporation's students were not reported in the Special Education Cluster (IDEA) in the amount of \$25,361 for the 2013-2014 school year and \$37,416 for the 2014-2015 school year. These omissions resulted in total federal expenditures being incorrectly reported.

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

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.
- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

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

FINDING 2015-002 - INTERNAL CONTROLS RELATED TO RECEIPTS

There were several deficiencies in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation had not separated incompatible activities related to receipts. The School Corporation Treasurer issued receipts, made deposits, and posted to the records without an oversight, review, or approval process. The failure to establish these controls could have enabled misstatements or irregularities to remain undetected.
2. Monitoring of Controls: An evaluation of the School Corporation's system of internal control had not been conducted. The failure to monitor the internal control system placed the School Corporation at risk that controls may not be either designed properly or operating effectively to provide reasonable assurance that controls will prevent, or detect and correct, misstatements in a timely manner. Additionally, the School Corporation had no process to identify or communicate corrective actions to improve controls.

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)

Section III - Federal Award Findings and Questioned Costs

FINDING 2015-003 - ACTIVITIES ALLOWED OR UNALLOWED, CASH MANAGEMENT, AND REPORTING

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): FY 12-13, FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Cash Management, and Reporting.

Activities Allowed or Unallowed

The Deputy Treasurer reviewed the Distribution Detail of all employees paid with Title I funds for each payroll period to ensure that only appropriate employees were paid from Title I funds; however, there was no documentation of the review process.

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

Cash Management

For FY 13-14 the Treasurer signed the Monthly Reimbursement Forms, but there were no controls to ensure the accuracy of the forms. During FY 14-15 a control was established wherein the Treasurer signed and the Title I Director reviewed the Monthly Reimbursement Forms.

Reporting

The control put in place by the School Corporation required documentation as to who prepared the report and who reviewed the Final Expenditure Report prior to submission; however, there was no documentation of these controls to verify who filed the report online and who reviewed the report prior to submitting.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could have resulted in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): FY 12-13, FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation had not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirement: Allowable Costs/Cost Principles.

For those employees that were paid partially from Title I funds, the School Corporation did not include their names and hours worked on Personnel Activity Reports.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8(h) states in part:

". . . (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation . . . Such documentary support will be required where employees work on:

- (a) more than one Federal award,
- (b) A Federal award and a non-Federal award, . . ."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

The failure to establish internal controls enabled material noncompliance to go undetected. Non-compliance of the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation prepare and maintain Personnel Activity Reports for all employees paid from Title I funds.

FINDING 2015-005 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Education

Federal Programs: Special Education_Grants to States, Special Education_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14212-066-PN01, 14213-066-PN01,
14214-066-PN01, 14215-066-PN01,
99914-066-PN01, 45713-066-PN01,
45714-066-PN01, 45715-066-PN01

Pass-Through Entity: Indiana Department of Education

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

The School Corporation is a member of the Greater Randolph Inter-local Cooperative (GRIC). The School Corporation provides oversight of GRIC through the School Corporation Superintendent who serves as a member of the GRIC Board. However, GRIC had not established an effective internal control system in relation to the Procurement and Suspension and Debarment compliance requirement. When an entity enters into a covered transaction, the lower-tiered entity must not be suspended, debarred, or otherwise excluded from participation in the covered transaction.

The vendors selected to provide services to GRIC were not checked to the Excluded Party List System that is maintained by the General Services Administration, nor were they required to certify that they were not suspended or debarred from doing work paid for by federal funds, or was a clause or condition added to the covered transaction. A review of the vendors revealed that none of the vendors used were suspended or debarred.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

FINDING 2015-006 - PROCUREMENT AND SUSPENSION AND DEBARMENT

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): FY 12-13, FY 13-14, FY 14-15

Pass-Through Entity: Indiana Department of Education

There were no controls in place to ensure that the School Corporation's three consultants were not suspended or debarred. The three consultants were contracted for small group and one on one instruction with targeted students. The consultants were paid \$65,800 in FY 13-14 and \$69,100 in FY 14-15. A review of the vendors revealed that none of the vendors used were suspended or debarred.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs. . . ."

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

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

The failure to establish internal controls could have enabled material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirement could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirement listed above.

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AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

SELINA MILLER, PRESIDENT
WENDY SMITH, VICE PRESIDENT

GREGORY S. WHITESEL, SECRETARY
KIM DAVISON, MEMBER
JAMIE KERNS, MEMBER



RANDOLPH EASTERN SCHOOL CORPORATION

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UNION CITY, INDIANA 47390-1026
PHONE 765/964-4994 FAX 765/964-6590

LISA K. SMITH, SUPERINTENDENT

BRENDA PEACOCK, TREASURER
LINDA WOOD, SECRETARY

CORRECTIVE ACTION PLAN

FINDING 2015 - 001

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: Randolph Eastern School Corporation (RESC) understands the need and benefit of strong internal controls. The Greater Randolph Interlocal Cooperative (GRIC) Treasurer will submit a record of the expenditures GRIC makes on behalf of RESC students. This record of expenditures will be included in the Special Education Cluster of the Schedule of Expenditures of Federal Awards (SEFA) prepared by the RESC Treasurer. The SEFA will be submitted as required and records will be maintained that verify this submission.

Anticipated Completion Date: Immediately

FINDING 2015 - 002

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: The Corporation understands the need and benefit of strong internal controls. When receipting money, the Deputy Treasurer will accept the money and the Treasurer will prepare the deposit slips. The Deputy Treasurer will review, approve, and take the money to the bank for deposit. The Treasurer will enter receipts into the accounting system and reconcile the bank account balance with the accounting system.

Anticipated Completion Date: Immediately

FINDING 2015 - 003

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: The Corporation understands the need and benefit of strong internal controls. For the compliance requirements of Activities Allowed or Unallowed and Allowable Costs/Cost Principles, the Deputy Treasurer completes a Distribution Detail of all employees paid with Title I funds for each payroll period to ensure that only appropriate employees are paid from Title I funds. The Deputy Treasurer will provide the Distribution Detail to the Title I Director who will sign to verify accuracy. This document will be kept on file in the corporation office. Time and Effort Logs will be completed for all Title I teachers and Title I part-time teachers. These logs will be reviewed by the Title I Director and signed to verify accuracy.

For the compliance requirements for Cash Management, the Treasurer will continue to review and sign the monthly Requests for Reimbursement. The Title I Director will review and sign the monthly requests to verify accuracy. This document will be kept on file in the corporation office.

Internal controls are being added to address the requirements of Reporting. The Treasurer will complete the Final Annual Expenditure Report. The Title I Director will be given the Final Annual Expenditure Report to review. Once reviewed, the Director will sign the report to verify its accuracy. The Treasurer will maintain a signed copy on file in the corporation office. The Annual Expenditure Report Final will be filed online. When the Treasurer receives the email indicating confirmation of submission, she will print a copy and keep on file.

Anticipated Completion Date: Immediately

FINDING 2014-004

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: The Corporation understands the need and benefit of strong internal controls. Time and Effort Logs will be completed for all Title I teachers and Title I part-time teachers. These logs will be reviewed by the Title I Director and signed to verify accuracy.

FINDING 2015 – 005

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: The Corporation acknowledges the need and benefit of strong internal controls. It is necessary for the Greater Randolph Interlocal Cooperative (GRIC) to determine if a lower-tiered entity (with whom GRIC is entering into a covered transaction) has been suspended, debarred or otherwise excluded from participation in the covered transaction. Effective internal controls related to the Procurement, Suspension, and Debarment compliance requirement have been established. Entities selected by GRIC to provide services will be researched through the Excluded Party List System maintained by the General Services Administration to determine if the entity has been suspended, debarred or otherwise excluded from participation. For all vendors for which “no record is found”, the GRIC Treasurer will print a record to verify this finding. These records will be maintained by GRIC.

Anticipated Completion Date: Immediately

FINDING 2015 - 006

Contact Person Responsible for Corrective Action: Lisa Smith
Contact Phone Number: 765-964-4994

We concur with the finding.

Description of Corrective Action Plan: Effective internal controls related to the Procurement, Suspension, and Debarment compliance requirement have been established. The Treasurer will continue to check the Excluded Party List System maintained by the General Services Administration to determine if the entity has been suspended, debarred or otherwise excluded from participation. For all vendors for which "no record is found", the Treasurer will print a record to verify this finding. These records will be kept on file in the corporation office.

Anticipated Completion Date: Immediately

Lisa Smith
Signature

Superintendent
Title

June 6, 2016
Date

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.