B41874

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

RANDOLPH SOUTHERN SCHOOL CORPORATION
RANDOLPH COUNTY, INDIANA

July 1, 2010 to June 30, 2012

FILED
02/26/2013

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SCHEDULE OF OFFICIALS

Office	Official	Term
Treasurer	Pamela D. Welch	07-01-10 to 12-31-11
	Alixandria Tillson	01-01-12 to 12-31-13
Superintendent of Schools	Michael Necessary	07-01-10 to 06-30-11
	Donnie Bowsman	07-01-11 to 06-30-14
President of the School Board	Michael D. Miller	07-01-10 to 06-30-11
	Barbara F. Hines	07-01-11 to 06-30-12
	Keith A. Hart	07-01-12 to 12-31-13

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
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ROOM E418
INDIANAPOLIS, INDIANA 46204-2769

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Randolph Southern School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. 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 includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis of accounting noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

INDEPENDENT AUDITOR'S REPORT
(Continued)

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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, 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.

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

STATE BOARD OF ACCOUNTS

February 7, 2013

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

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

We have audited the financial statement of the Randolph Southern School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated February 7, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management of the School Corporation is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been 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 deficiency described in the accompanying Schedule of Findings and Questioned Costs as Finding 2012-1 to be a material weakness.

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

Compliance and Other Matters

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

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

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

STATE BOARD OF ACCOUNTS

February 7, 2013

FINANCIAL STATEMENT

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

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RANDOLPH SOUTHERN SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	$ 399,256	$ 3,689,140	$ 3,684,858	$ 5,150	$ 408,688	$ 3,546,125	$ 3,609,624	$ -	$ 345,189
Debt Service	136,356	227,326	208,647	(83,712)	71,323	215,359	163,357	-	123,325
Retirement/Severance Bond Debt Service	51,102	87,918	88,032	(985)	50,003	89,759	89,866	-	49,896
Capital Projects	228,474	524,968	547,270	(3,756)	202,416	521,367	606,386	-	117,397
School Transportation	93,370	335,700	269,601	(31,236)	128,233	339,429	276,564	(25,000)	166,098
School Bus Replacement	103,625	108,323	71,758	(36,640)	103,550	26,835	60,551	(35,000)	34,834
Rainy Day	397,380	-	43,782	167,804	521,402	-	11,244	60,000	570,158
Retirement/Severance Bond	95,696	-	27,476	-	68,220	-	68,220	-	-
Post Retirement/Severance Future Benefits	4,902	-	-	-	4,902	-	4,902	-	-
School Lunch	38,708	238,072	230,090	-	46,690	252,937	246,552	-	53,075
Textbook Rental	40,308	39,107	21,850	-	57,565	48,533	76,672	-	29,426
Levy Excess	-	7,840	-	(7,840)	-	5,459	-	-	5,459
Educational License Plates	663	206	850	-	19	150	100	-	69
Scholarships and Awards	1,072	9	50	-	1,031	17	50	-	998
John D. Wilson Scholarship	4,300	-	7,600	5,549	2,249	550	2,249	3,584	4,134
Nina M. Chenoweth Scholarship	1,080	9	50	-	1,039	18	50	-	1,007
Ella Wilson Scholarship	9,558	72	100	-	9,530	140	150	-	9,520
Helen Thorn Scholarship	58,054	432	2,000	-	56,486	470	800	-	56,156
Miscellaneous Gifts and Bequests	1,694	-	1,694	-	-	650	-	1,040	1,690
Insurance Grant	24,830	-	24,830	-	-	-	-	-	-
Education Technology	-	47,820	47,820	-	-	4,580	4,580	-	-
Drug Free Communities	-	-	-	-	-	2,227	20	-	2,207
Non-English Speaking Grant	-	115	115	-	-	-	-	-	-
School Technology	-	4,869	4,698	-	171	4,932	5,549	-	(446)
Technology Grants	2	-	2	-	-	-	-	-	-
Performance Based Awards	-	-	595	595	-	1,000	194	-	806
Academic Improvement Program	-	-	347	347	-	-	-	-	-
Wellness Program	-	5,600	4,379	-	1,221	-	1,221	-	-
Wellness Grant	3,063	-	3,063	-	-	5,700	4,103	-	1,597
Gifted and Talented 2010-12	-	27,203	17,810	-	9,393	26,123	30,274	-	5,242
Gifted and Talented 2009-10	9,353	-	9,353	-	-	-	-	-	-
Excess PTRC Distributions	3,496	-	-	(3,496)	-	-	-	-	-
Title I 2010-11	-	44,884	57,919	2,989	(10,046)	27,438	17,392	-	-
Title I 2009-10	21,782	1,999	20,792	(2,989)	-	-	-		-
Title I 2011-12	-	-	-	-	-	71,740	76,731	-	(4,991)
Title V 2008-09	390	-	390	-	-	-	-	-	-
Special Education 2010-11	-	123,387	123,374	-	13	7,327	7,340	-	-
Special Education 2009-10	(704)	20,081	15,285	(4,092)	-	-	-	-	-
Special Education 2011-12	-	-	-	-	-	112,529	116,619	-	(4,090)
Title IV 2008-09	347	-	347	-	-	-	-	-	-
Title IV 2009-11	2,009	-	2,009	-	-	310	310	-	-
Medicaid Reimbursement	2,233	-	-	-	2,233	-	-	-	2,233
Title II 2009-10	32,614	-	31,614	(1,000)	-	-	-	-	-
Title II 2011-12	-	-	-	-	-	15,416	18,185	-	(2,769)
Title II 2010-11	-	7,460	6,581	(1,000)	(121)	31,981	31,860	-	-
Rural Schools 2009-10	-	2,508	2,508	-	-	-	-	-	-
Rural Schools 2011-12	-	-	-	-	-	1,090	1,090	-	-
Rural Schools 2010-11	-	10,721	10,721	-	-	7,700	7,700	-	-
Title I Stimulus	5,167	17,275	22,442	-	-	-	-	-	-
Special Education Stimulus	16,114	38,723	56,195	-	(1,358)	1,358	-	-	-
Education Jobs	-	-	-	-	-	102,876	109,013	-	(6,137)
Agency	13,210	3,372,350	3,372,978	-	12,582	3,389,709	3,387,003	-	15,288
Totals	$ 1,799,504	$ 8,984,117	$ 9,041,875	$ 5,688	$ 1,747,434	$ 8,861,834	$ 9,036,521	$ 4,624	$ 1,577,371

The notes to the financial statement are an integral part of this 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 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. Receipts are recorded when received and disbursements are recorded when paid.

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

C. Cash and Investments

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

D. Receipts

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

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

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

State sources 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 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:

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

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

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

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

Funding Policy and Annual Pension Cost

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

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

Note 7. Restatement

The Agency Fund's $13,210 cash and investment balance at July 1, 2010, was due to a prior period adjustment, as the Agency Fund was not reported in the prior period's financial statements.

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	$ 399,256	$ 136,356	$ 51,102	$ 228,474	$ 93,370	$ 103,625	$ 397,380	$ 95,696	$ 4,902	$ 38,708
Receipts:										
Local sources	36,526	227,326	87,918	524,968	328,695	108,323	-	-	-	109,466
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	3,647,233	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	128,606
Other	5,381	-	-	-	7,005	-	-	-	-	-
Total receipts	3,689,140	227,326	87,918	524,968	335,700	108,323	-	-	-	238,072
Disbursements:										
Current:										
Instruction	2,424,524	-	-	-	-	-	-	27,476	-	-
Support services	1,205,696	-	-	143,311	269,601	71,758	-	-	-	-
Noninstructional services	54,638	-	-	-	-	-	-	-	-	230,090
Facilities acquisition and construction	-	-	-	403,959	-	-	43,782	-	-	-
Debt services	-	208,647	88,032	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	3,684,858	208,647	88,032	547,270	269,601	71,758	43,782	27,476	-	230,090
Excess (deficiency) of receipts over disbursements	4,282	18,679	(114)	(22,302)	66,099	36,565	(43,782)	(27,476)	-	7,982
Other financing sources (uses):										
Sale of capital assets	-	-	-	139	-	-	-	-	-	-
Transfers in	6,092	675	-	1,661	22,192	141	167,804	-	-	-
Transfers out	(942)	(84,387)	(985)	(5,556)	(53,428)	(36,781)	-	-	-	-
Total other financing sources (uses)	5,150	(83,712)	(985)	(3,756)	(31,236)	(36,640)	167,804	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,432	(65,033)	(1,099)	(26,058)	34,863	(75)	124,022	(27,476)	-	7,982
Cash and investments - ending	$ 408,688	$ 71,323	$ 50,003	$ 202,416	$ 128,233	$ 103,550	$ 521,402	$ 68,220	$ 4,902	$ 46,690

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

	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	John D. Wilson Scholarship	Nina M. Chenoweth Scholarship	Ella Wilson Scholarship	Helen Thorn Scholarship	Miscellaneous Gifts and Bequests	Insurance Grant
Cash and investments - beginning	$ 40,308	$ -	$ 663	$ 1,072	$ 4,300	$ 1,080	$ 9,558	$ 58,054	$ 1,694	$ 24,830
Receipts:										
Local sources	26,831	-	-	9	-	9	72	432	-	-
Intermediate sources	-	-	206	-	-	-	-	-	-	-
State sources	12,076	7,840	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	200	-	-	-	-	-	-	-	-	-
Total receipts	39,107	7,840	206	9	-	9	72	432	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	24,830
Support services	21,850	-	650	-	-	-	-	-	1,694	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	200	50	7,600	50	100	2,000	-	-
Total disbursements	21,850	-	850	50	7,600	50	100	2,000	1,694	24,830
Excess (deficiency) of receipts over disbursements	17,257	7,840	(644)	(41)	(7,600)	(41)	(28)	(1,568)	(1,694)	(24,830)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	5,549	-	-	-	-	-
Transfers in	-	13,333	-	-	-	-	-	-	-	-
Transfers out	-	(21,173)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(7,840)	-	-	5,549	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	17,257	-	(644)	(41)	(2,051)	(41)	(28)	(1,568)	(1,694)	(24,830)
Cash and investments - ending	$ 57,565	$ -	$ 19	$ 1,031	$ 2,249	$ 1,039	$ 9,530	$ 56,486	$ -	$ -

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

	Education Technology	Non-English Speaking Grant	School Technology	Technology Grants	Performance Based Awards	Academic Improvement Program	Wellness Program	Wellness Grant	Gifted and Talented 2010-12
Cash and investments - beginning	$ -	$ -	$ -	$ 2	$ -	$ -	$ -	$ 3,063	$ -
Receipts:									
Local sources	-	-	-	-	-	-	5,600	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	47,820	115	4,869	-	-	-	-	-	27,203
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	47,820	115	4,869	-	-	-	5,600	-	27,203
Disbursements:									
Current:									
Instruction	-	115	-	-	468	258	-	-	17,810
Support services	47,820	-	4,698	2	127	89	4,379	3,063	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	47,820	115	4,698	2	595	347	4,379	3,063	17,810
Excess (deficiency) of receipts over disbursements	-	-	171	(2)	(595)	(347)	1,221	(3,063)	9,393
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	595	347	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	595	347	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	171	(2)	-	-	1,221	(3,063)	9,393
Cash and investments - ending	$ -	$ -	$ 171	$ -	$ -	$ -	$ 1,221	$ -	$ 9,393

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

	Gifted and Talented 2009-10	Excess PTRC Distributions	Title I 2010-11	Title I 2009-10	Title V 2008-09	Special Education 2010-11	Special Education 2009-10	Title IV 2008-09	Title IV 2009-11
Cash and investments - beginning	$ 9,353	$ 3,496	$ -	$ 21,782	$ 390	$ -	$ (704)	$ 347	$ 2,009
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	44,884	1,999	-	123,387	20,081	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	44,884	1,999	-	123,387	20,081	-	-
Disbursements:									
Current:									
Instruction	9,353	-	46,874	16,427	-	123,374	15,285	-	-
Support services	-	-	11,045	4,365	390	-	-	347	2,009
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	9,353	-	57,919	20,792	390	123,374	15,285	347	2,009
Excess (deficiency) of receipts over disbursements	(9,353)	-	(13,035)	(18,793)	(390)	13	4,796	(347)	(2,009)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	2,989	-	-	-	-	-	-
Transfers out	-	(3,496)	-	(2,989)	-	-	(4,092)	-	-
Total other financing sources (uses)	-	(3,496)	2,989	(2,989)	-	-	(4,092)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9,353)	(3,496)	(10,046)	(21,782)	(390)	13	704	(347)	(2,009)
Cash and investments - ending	$ -	$ -	$ (10,046)	$ -	$ -	$ 13	$ -	$ -	$ -

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

	Medicaid Reimbursement	Title II 2009-10	Title II 2010-11	Rural Schools 2009-10	Rural Schools 2010-11	Title I Stimulus	Special Education Stimulus	Agency	Totals
Cash and investments - beginning	$ 2,233	$ 32,614	$ -	$ -	$ -	$ 5,167	$ 16,114	$ 13,210	$ 1,799,504
Receipts:									
Local sources	-	-	-	-	-	-	-	-	1,456,175
Intermediate sources	-	-	-	-	-	-	-	-	206
State sources	-	-	-	-	-	-	-	-	3,747,156
Federal sources	-	-	7,460	2,508	10,721	17,275	38,723	-	395,644
Other	-	-	-	-	-	-	-	3,372,350	3,384,936
Total receipts	-	-	7,460	2,508	10,721	17,275	38,723	3,372,350	8,984,117
Disbursements:									
Current:									
Instruction	-	31,128	6,338	418	7,462	20,367	56,195	-	2,828,702
Support services	-	486	243	2,090	3,259	2,075	-	-	1,801,047
Noninstructional services	-	-	-	-	-	-	-	-	284,728
Facilities acquisition and construction	-	-	-	-	-	-	-	-	447,741
Debt services	-	-	-	-	-	-	-	-	296,679
Nonprogrammed charges	-	-	-	-	-	-	-	3,372,978	3,382,978
Total disbursements	-	31,614	6,581	2,508	10,721	22,442	56,195	3,372,978	9,041,875
Excess (deficiency) of receipts over disbursements	-	(31,614)	879	-	-	(5,167)	(17,472)	(628)	(57,758)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	5,688
Transfers in	-	-	-	-	-	-	-	-	215,829
Transfers out	-	(1,000)	(1,000)	-	-	-	-	-	(215,829)
Total other financing sources (uses)	-	(1,000)	(1,000)	-	-	-	-	-	5,688
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(32,614)	(121)	-	-	(5,167)	(17,472)	(628)	(52,070)
Cash and investments - ending	$ 2,233	$ -	$ (121)	$ -	$ -	$ -	$ (1,358)	$ 12,582	$ 1,747,434

RANDOLPH SOUTHERN SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	Post Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	$ 408,688	$ 71,323	$ 50,003	$ 202,416	$ 128,233	$ 103,550	$ 521,402	$ 68,220	$ 4,902	$ 46,690
Receipts:										
Local sources	45,894	215,359	89,759	520,597	338,604	25,634	-	-	-	111,581
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	3,498,524	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	141,356
Other	1,707	-	-	770	825	1,201	-	-	-	-
Total receipts	3,546,125	215,359	89,759	521,367	339,429	26,835	-	-	-	252,937
Disbursements:										
Current:										
Instruction	2,358,530	-	-	-	-	-	-	63,288	4,902	-
Support services	1,194,577	-	-	155,528	276,564	60,551	11,244	4,932	-	-
Noninstructional services	56,517	-	-	-	-	-	-	-	-	246,552
Facilities acquisition and construction	-	-	-	450,858	-	-	-	-	-	-
Debt services	-	161,003	89,866	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,354	-	-	-	-	-	-	-	-
Total disbursements	3,609,624	163,357	89,866	606,386	276,564	60,551	11,244	68,220	4,902	246,552
Excess (deficiency) of receipts over disbursements	(63,499)	52,002	(107)	(85,019)	62,865	(33,716)	(11,244)	(68,220)	(4,902)	6,385
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	60,000	-	-	-
Transfers out	-	-	-	-	(25,000)	(35,000)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	(25,000)	(35,000)	60,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(63,499)	52,002	(107)	(85,019)	37,865	(68,716)	48,756	(68,220)	(4,902)	6,385
Cash and investments - ending	$ 345,189	$ 123,325	$ 49,896	$ 117,397	$ 166,098	$ 34,834	$ 570,158	$ -	$ -	$ 53,075

RANDOLPH SOUTHERN SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	Textbook Rental	Levy Excess	Educational License Plates	Scholarships and Awards	John D. Wilson Scholarship	Nina M. Chenoweth Scholarship	Ella Wilson Scholarship	Helen Thorn Scholarship	Miscellaneous Gifts and Bequests	Education Technology
Cash and investments - beginning	$ 57,565	$ -	$ 19	$ 1,031	$ 2,249	$ 1,039	$ 9,530	$ 56,486	$ -	$ -
Receipts:										
Local sources	29,824	-	-	17	550	18	140	470	650	-
Intermediate sources	-	-	150	-	-	-	-	-	-	-
State sources	18,509	5,459	-	-	-	-	-	-	-	4,580
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	200	-	-	-	-	-	-	-	-	-
Total receipts	48,533	5,459	150	17	550	18	140	470	650	4,580
Disbursements:										
Current:										
Instruction	-	-	-	-	-	-	-	-	-	-
Support services	76,672	-	-	-	-	-	-	-	-	4,580
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	100	50	2,249	50	150	800	-	-
Total disbursements	76,672	-	100	50	2,249	50	150	800	-	4,580
Excess (deficiency) of receipts over disbursements	(28,139)	5,459	50	(33)	(1,699)	(32)	(10)	(330)	650	-
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	3,584	-	-	-	1,040	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	3,584	-	-	-	1,040	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(28,139)	5,459	50	(33)	1,885	(32)	(10)	(330)	1,690	-
Cash and investments - ending	$ 29,426	$ 5,459	$ 69	$ 998	$ 4,134	$ 1,007	$ 9,520	$ 56,156	$ 1,690	$ -

RANDOLPH SOUTHERN SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	Drug Free Communities	School Technology	Performance Based Awards	Wellness Program	Wellness Grant	Gifted and Talented 2010-12	Title I 2010-11	Title I 2011-12	Special Education 2010-11	Special Education 2011-12
Cash and investments - beginning	$ -	$ 171	$ -	$ 1,221	$ -	$ 9,393	$ (10,046)	$ -	$ 13	$ -
Receipts:										
Local sources	2,227	-	1,000	-	5,700	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	4,932	-	-	-	26,123	-	-	-	-
Federal sources	-	-	-	-	-	-	27,438	71,740	7,327	112,529
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	2,227	4,932	1,000	-	5,700	26,123	27,438	71,740	7,327	112,529
Disbursements:										
Current:										
Instruction	-	-	194	-	-	30,274	12,862	59,941	7,340	116,619
Support services	20	5,549	-	1,221	4,103	-	4,530	16,790	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	20	5,549	194	1,221	4,103	30,274	17,392	76,731	7,340	116,619
Excess (deficiency) of receipts over disbursements	2,207	(617)	806	(1,221)	1,597	(4,151)	10,046	(4,991)	(13)	(4,090)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,207	(617)	806	(1,221)	1,597	(4,151)	10,046	(4,991)	(13)	(4,090)
Cash and investments - ending	$ 2,207	$ (446)	$ 806	$ -	$ 1,597	$ 5,242	$ -	$ (4,991)	$ -	$ (4,090)

RANDOLPH SOUTHERN SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Year Ended June 30, 2012
(Continued)

	Title IV 2009-11	Medicaid Reimbursement	Title II 2011-12	Title II 2010-11	Rural Schools 2011-12	Rural Schools 2010-11	Special Education Stimulus	Education Jobs	Agency	Totals
Cash and investments - beginning	$ -	$ 2,233	$ -	$ (121)	$ -	$ -	$ (1,358)	$ -	$ 12,582	$ 1,747,434
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	1,388,024
Intermediate sources	-	-	-	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	-	-	-	3,558,127
Federal sources	310	-	15,416	31,981	1,090	7,700	1,358	102,876	-	521,121
Other	-	-	-	-	-	-	-	-	3,389,709	3,394,412
Total receipts	310	-	15,416	31,981	1,090	7,700	1,358	102,876	3,389,709	8,861,834
Disbursements:										
Current:										
Instruction	-	-	17,178	28,887	-	682	-	87,552	-	2,788,249
Support services	310	-	1,007	2,973	1,090	7,018	-	21,461	-	1,850,720
Noninstructional services	-	-	-	-	-	-	-	-	-	303,069
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	450,858
Debt services	-	-	-	-	-	-	-	-	-	250,869
Nonprogrammed charges	-	-	-	-	-	-	-	-	3,387,003	3,392,756
Total disbursements	310	-	18,185	31,860	1,090	7,700	-	109,013	3,387,003	9,036,521
Excess (deficiency) of receipts over disbursements	-	-	(2,769)	121	-	-	1,358	(6,137)	2,706	(174,687)
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	4,624
Transfers in	-	-	-	-	-	-	-	-	-	60,000
Transfers out	-	-	-	-	-	-	-	-	-	(60,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	4,624
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(2,769)	121	-	-	1,358	(6,137)	2,706	(170,063)
Cash and investments - ending	$ -	$ 2,233	$ (2,769)	$ -	$ -	$ -	$ -	$ (6,137)	$ 15,288	$ 1,577,371

INTERNAL CONTROLS

We noted deficiencies in the internal control system of the Randolph Southern School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

> Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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, Part 9)

TRANSPORTATION FUND EXPENDITURES

Portions of principals' salaries were paid from the Transportation Fund.

Indiana Code 20-40-6-6(b) states:

> "Percentages or parts of salaries of teaching personnel or principals are not attributable to transportation. However, parts of salaries of instructional aides who are assigned to assist with the school transportation program are attributable to transportation. The costs described in this subsection (other than instructional aide costs) may not be budgeted for payment or paid from the fund."

DEPOSITS (Applies to Randolph Southern High School Extracurricular Account)

Several textbook rental payments were not posted to the ledger or deposited until over a week after collection.

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

SUPPLEMENTAL AUDIT OF

FEDERAL AWARDS

STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

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

Compliance

We have audited the Randolph Southern 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, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133
(Continued)

A deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

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

STATE BOARD OF ACCOUNTS

February 7, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

RANDOLPH SOUTHERN SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
		FY 10-11	$ 22,868	$ -
		FY 11-12	-	31,358
National School Lunch Program	10.555			
		FY 10-11	118,844	-
		FY 11-12	-	125,033
Total for cluster			141,712	156,391
Child and Adult Care Food Program	10.558			
		FY 11-12	-	324
Total for federal grantor agency			141,712	156,715
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
		2009-2010	20,792	-
		2010-2011	44,884	27,438
		2011-2012	-	71,740
Total for program			65,676	99,178
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389			
		2010-2011	20,367	-
Total for cluster			86,043	99,178
Pass-Through Greater Randolph Interlocal Cooperative				
Special Education Cluster				
Special Education - Grants to States	84.027			
		14210-PN01	15,285	-
		14211-066-PN01	123,387	7,327
		14212-066-PN01	-	112,529
Total for program			138,672	119,856
ARRA - Special Education - Grants to States, Recovery Act	84.391			
		3310-SN01	56,195	-
Total for cluster			194,867	119,856
Direct Grant				
Rural Education	84.358			
		S358A095861	2,508	-
		S358A105861	10,721	7,700
		S358A115861	-	1,090
Total for program			13,229	8,790
Pass-Through Indiana Department of Education				
Safe and Drug-Free Schools and Communities - State Grants	84.186			
		6805-06	347	-
		6805-09	2,009	310
Total for program			2,356	310
Improving Teacher Quality State Grants	84.367			
		FY 2009-10	32,614	-
		FY 2010-11	7,460	31,981
		FY 2011-12	-	15,416
Total for program			40,074	47,397
Education Jobs Fund	84.410			
		FY 2011-12	-	102,876
Total for federal grantor agency			336,569	378,407
Total federal awards expended			$ 478,281	$ 535,122

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

RANDOLPH SOUTHERN SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Randolph Southern School Corporation (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2011 and 2012. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2010-2011	2011-2012
School Breakfast Program	10.553	$ 2,702	$ 3,953
National School Lunch Program	10.555	13,531	15,144

RANDOLPH SOUTHERN 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; Unqualified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

Name of Federal Program or Cluster
Child Nutrition Cluster
Special Education Cluster (IDEA)

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 2012-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a material weakness:

> Lack of Segregation of Duties: Control activities should be selected and developed at various levels of the School Corporation to reduce risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible actives related to receipts. The failure to establish these controls could enable material misstatements or irregularities to remain undetected.

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, Part 9)

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

Randolph Southern

Donnie Bowsman
Superintendent

Alix Tillson
Treasurer

M. Nell Girton
Deputy Treasurer

Pamela D. Welch
Administrative Assistant

SCHOOL CORPORATION STRIVES FOR EDUCATIONAL EXCELLENCE

January 17, 2013

U.S. Department of Education
Indiana Department of Education

Original SBA Audit Report Number: B38520
Fiscal Year: 2010

Auditee Contact Person:	Mr. Donnie Bowsman
Title of Contact Person:	Superintendent
Phone Number:	765-874-1181

Status of Finding:

Randolph Southern School Corporation has been operating from a cash reimbursement system since July 2010 and requests funds for federal grants. Therefore, the Title I/Cash Management problem has been remedied.

Thank you for your assistance with this situation.

Sincerely,

Donnie Bowsman

Donnie Bowsman, Superintendent

Alix Tillson

Alix Tillson, Treasurer

One Rebel Drive • Lynn, Indiana 47355-0385
765-874-1181 • Fax 765-874-1298
www.rssc.k12.in.us

Randolph Southern

Donnie Bowsman
Superintendent

Alix Tillson
Treasurer

M. Nell Girton
Deputy Treasurer

Pamela D. Welch
Administrative Assistant

SCHOOL CORPORATION STRIVES FOR EDUCATIONAL EXCELLENCE

2-5-13

This letter is a response to Randolph Southern School Corporation Schedule of Findings and Questioned Costs for the audit of our financial records from July 1, 2010 through June 30, 2012.

Response: Internal Controls Over Financial Transactions and Reporting

In was noted in the Audit Report filed from July 1, 2008 to June 30, 2010 that "...Randolph Southern School Corporation is unable, due to financial limitations, to employ additional personnel to segregate duties in our receipts and cash and investment balances. This statement would apply to all of our internal controls."

The circumstances for Randolph Southern School Corporation have not changed since the last audit period (July 1, 2008 to June 30, 2010) and hold true for the latest audit period of July 1, 2010 to June 30, 2012. The school corporation is still unable to employee additional personnel to segregate duties for financial transactions and reporting. However, I have instructed the Corporation Treasurer to provide depository statements and cash reconcilements to the Superintendent at the end of each month for verification and initialing. Additionally, the Corporation Deputy Treasurer performs payroll duties every other pay period to ensure financial transactions and reporting is monitored. Last, month end reports are provided to the Superintendent and initialed for verification.

The school corporation is very appreciative of suggestions from the State Board of Accounts on ways to improve weaknesses and improve efficiencies.

Donnie Bowsman

Donnie Bowsman, Superintendent

One Rebel Drive • Lynn, Indiana 47355-0385
765-874-1181 • Fax 765-874-1298
www.rssc.k12.in.us

RANDOLPH SOUTHERN SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2013, with Donnie Bowsman, Superintendent of Schools; Pamela D. Welch, former Treasurer; and Keith A. Hart, President of the School Board. The Official Response has been made a part of this report and may be found on page 39.

Randolph Southern

Donnie Bowsman
Superintendent

Alix Tillson
Treasurer

M. Nell Girton
Deputy Treasurer

Pamela D. Welch
Administrative Assistant

SCHOOL CORPORATION STRIVES FOR EDUCATIONAL EXCELLENCE

2-5-13

This letter is a response to Randolph Southern School Corporation Audit Results and Comments for the audit of our financial records from July 1, 2010 through June 30, 2012.

Response: Internal Controls Over Financial Transactions and Reporting
In was noted in the Audit Report filed from July 1, 2008 to June 30, 2010 that "...Randolph Southern School Corporation is unable, due to financial limitations, to employ additional personnel to segregate duties in our receipts and cash and investment balances. This statement would apply to all of our internal controls."

The circumstances for Randolph Southern School Corporation have not changed since the last audit period (July 1, 2008 to June 30, 2010) and hold true for the latest audit period of July 1, 2010 to June 30, 2012. The school corporation is still unable to employee additional personnel to segregate duties for financial transactions and reporting. However, I have instructed the Corporation Treasurer to provide depository statements and cash reconcilements to the Superintendent at the end of each month for verification and initialing. Additionally, the Corporation Deputy Treasurer performs payroll duties every other pay period to ensure financial transactions and reporting is monitored. Last, month end reports are provided to the Superintendent and initialed for verification.

Response: Transportation Fund Expenditures
Portions of the principals' salaries were paid from the Transportation Fund from January 2011 through May 2012. The principals perform multiple duties that include bus supervision, bus discipline, bus scheduling coordination, review of tapes, and communication with parents. The principals maintained a weekly time sheet that was initialed by the Superintendent. The principals were considered other "transportation-related employees" as stated in IC 21-2-11.5-2(b). The school corporation does not have a full time Transportation Coordinator to perform duties as described above. The school corporation has ceased paying a portion of the principals' salaries from the Transportation Fund.

Response: Deposits (Applies to Randolph Southern High School Extracurricular Account)
The Superintendent has instructed the RSHS Treasurer to make deposits in a timely manner without unreasonable delay.

The school corporation is very appreciative of suggestions from the State Board of Accounts on ways to improve weaknesses and improve efficiencies.

Donnie Bowsman

Donnie Bowsman, Superintendent
Randolph Southern School Corporation

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