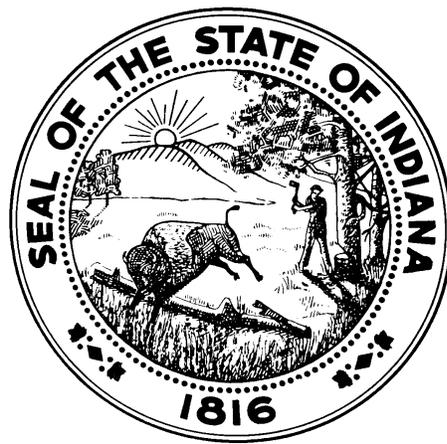


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
ROCHESTER COMMUNITY SCHOOL CORPORATION
FULTON COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
03/04/2009

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SCHEDULE OF OFFICIALS

| <u>Office</u> | <u>Official</u> | <u>Term</u> |
|----------------------------------|---|--|
| Treasurer | John Schneider | 07-01-06 to 06-30-09 |
| Superintendent of Schools | Dr. Debra Howe | 07-01-06 to 06-30-09 |
| President of the School Board | James E. Straeter Don Meyers Jim Dillinger James E. Straeter | 01-01-06 to 12-31-06 01-01-07 to 12-31-07 01-01-08 to 12-31-08 01-01-09 to 12-31-09 |



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INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE ROCHESTER COMMUNITY
SCHOOL CORPORATION, FULTON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2007 and 2008, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated February 3, 2009, 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 audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

February 3, 2009



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

TO: THE OFFICIALS OF THE ROCHESTER COMMUNITY
SCHOOL CORPORATION, FULTON COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 3, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and 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 3, 2009

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Totals</u> |
|--|--------------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
| Governmental activities: | | | | |
| Instruction | \$ 7,518,030 | \$ - | \$ 74,006 | \$ (7,444,024) |
| Support services | 6,110,774 | 581,117 | 351,043 | (5,178,614) |
| Community services | 190,678 | - | - | (190,678) |
| Nonprogrammed charges | 1,279,009 | - | - | (1,279,009) |
| Debt service | <u>3,439,705</u> | <u>-</u> | <u>-</u> | <u>(3,439,705)</u> |
| Total Government | <u>\$ 18,538,196</u> | <u>\$ 581,117</u> | <u>\$ 425,049</u> | <u>(17,532,030)</u> |
| General receipts: | | | | |
| Property taxes | | | | 4,713,895 |
| Other local sources | | | | 1,028,919 |
| State aid | | | | 6,615,508 |
| Bonds and loans | | | | 4,000,000 |
| Grants and contributions not restricted to specific programs | | | | 488,618 |
| Sale of property, adjustments, and refunds | | | | 3,051 |
| Investment earnings | | | | <u>211,238</u> |
| Total general receipts | | | | <u>17,061,229</u> |
| Change in net assets | | | | (470,801) |
| Net assets - beginning | | | | <u>5,310,263</u> |
| Net assets - ending | | | | <u>\$ 4,839,462</u> |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 4,431,071 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>408,391</u> |
| Total assets | | | | <u>\$ 4,839,462</u> |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 390,067 |
| Other purposes | | | | 18,324 |
| Unrestricted | | | | <u>4,431,071</u> |
| Total net assets | | | | <u>\$ 4,839,462</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

| <u>Functions/Programs</u> | <u>Disbursements</u> | <u>Program Receipts</u> | | <u>Totals</u> |
|--|--------------------------|---------------------------------|---|--|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Net (Disbursement) Receipts and Changes in Net Assets</u> |
| Governmental activities: | | | | |
| Instruction | \$ 7,469,822 | \$ - | \$ 211,752 | \$ (7,258,070) |
| Support services | 6,565,893 | 616,962 | 470,390 | (5,478,541) |
| Community services | 155,251 | - | - | (155,251) |
| Nonprogrammed charges | 1,309,213 | - | - | (1,309,213) |
| Debt service | <u>6,281,603</u> | <u>-</u> | <u>-</u> | <u>(6,281,603)</u> |
| Total Government | <u>\$ 21,781,782</u> | <u>\$ 616,962</u> | <u>\$ 682,142</u> | <u>(20,482,678)</u> |
| General receipts: | | | | |
| Property taxes | | | | 7,243,475 |
| Other local sources | | | | 2,019,871 |
| State aid | | | | 6,955,448 |
| Bonds and loans | | | | 3,785,969 |
| Grants and contributions not restricted to specific programs | | | | 657,783 |
| Sale of property, adjustments, and refunds | | | | 17,018 |
| Investment earnings | | | | <u>144,165</u> |
| Total general receipts | | | | <u>20,823,729</u> |
| Change in net assets | | | | 341,051 |
| Net assets - beginning | | | | <u>4,839,462</u> |
| Net assets - ending | | | | <u>\$ 5,180,513</u> |
| <u>Assets</u> | | | | |
| Cash and investments | | | | \$ 4,853,337 |
| Restricted assets: | | | | |
| Cash and investments | | | | <u>327,176</u> |
| Total assets | | | | <u>\$ 5,180,513</u> |
| <u>Net Assets</u> | | | | |
| Restricted for: | | | | |
| Debt service | | | | \$ 301,650 |
| Other purposes | | | | 25,526 |
| Unrestricted | | | | <u>4,853,337</u> |
| Total net assets | | | | <u>\$ 5,180,513</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Repair and Replacement | Other | Totals |
|--|---------------------|-----------------------------|-------------------|---------------------|---------------------------|---------------------------|-------------------|---------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 3,047,362 | \$ 410,753 | \$ 1,382,826 | \$ 955,400 | \$ 13,682 | \$ - | \$ 719,656 | \$ 6,529,679 |
| Intermediate sources | 445 | - | - | - | - | - | 4,681 | 5,126 |
| State sources | 6,676,198 | - | - | - | - | - | 87,272 | 6,763,470 |
| Federal sources | 7,378 | - | - | - | - | - | 758,327 | 765,705 |
| Bonds and loans | 2,820,000 | 175,000 | - | 910,000 | - | - | 95,000 | 4,000,000 |
| Sale of property, adjustments and refunds | 2,614 | 52 | - | - | - | - | 385 | 3,051 |
| Total receipts | 12,553,997 | 585,805 | 1,382,826 | 1,865,400 | 13,682 | - | 1,665,321 | 18,067,031 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 7,122,175 | - | - | - | - | - | 395,855 | 7,518,030 |
| Support services | 2,879,166 | 545,641 | - | 1,510,530 | - | - | 1,175,437 | 6,110,774 |
| Community services | 189,328 | - | - | - | - | - | 1,350 | 190,678 |
| Nonprogrammed charges | 1,090,447 | - | - | - | - | - | - | 1,090,447 |
| Debt services | 1,100,000 | 150,000 | 1,911,863 | 32,579 | - | - | 245,263 | 3,439,705 |
| Total disbursements | 12,381,116 | 695,641 | 1,911,863 | 1,543,109 | - | - | 1,817,905 | 18,349,634 |
| Excess (deficiency) of receipts over disbursements | 172,881 | (109,836) | (529,037) | 322,291 | 13,682 | - | (152,584) | (282,603) |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | 56,603 | 7,411 | 28,470 | 12,297 | - | 160,000 | 270,288 | 535,069 |
| Transfers out | (199,384) | - | (7,935) | (408,000) | - | - | (119,134) | (734,453) |
| Total other financing sources (uses) | (142,781) | 7,411 | 20,535 | (395,703) | - | 160,000 | 151,154 | (199,384) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 30,100 | (102,425) | (508,502) | (73,412) | 13,682 | 160,000 | (1,430) | (481,987) |
| Cash and investments - beginning | 2,111,017 | 221,717 | 898,358 | 615,711 | 178,771 | 517,256 | 760,295 | 5,303,125 |
| Cash and investments - ending | <u>\$ 2,141,117</u> | <u>\$ 119,292</u> | <u>\$ 389,856</u> | <u>\$ 542,299</u> | <u>\$ 192,453</u> | <u>\$ 677,256</u> | <u>\$ 758,865</u> | <u>\$ 4,821,138</u> |
| Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: | | | | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | | | |
| | | | | | | | | 18,324 |
| Net assets of governmental activities | | | | | | | | <u>\$ 4,839,462</u> |
| Cash and Investment Assets - Ending | | | | | | | | |
| Cash and investments | \$ 2,141,117 | \$ 119,292 | \$ - | \$ 542,299 | \$ 192,453 | \$ 677,256 | \$ 758,654 | \$ 4,431,071 |
| Restricted assets: | | | | | | | | |
| Cash and investments | - | - | 389,856 | - | - | - | 211 | 390,067 |
| Total cash and investment assets - ending | <u>\$ 2,141,117</u> | <u>\$ 119,292</u> | <u>\$ 389,856</u> | <u>\$ 542,299</u> | <u>\$ 192,453</u> | <u>\$ 677,256</u> | <u>\$ 758,865</u> | <u>\$ 4,821,138</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | | |
| Restricted for: | | | | | | | | |
| Debt service | \$ - | \$ - | \$ 389,856 | \$ - | \$ - | \$ - | \$ 211 | \$ 390,067 |
| Unrestricted | 2,141,117 | 119,292 | - | 542,299 | 192,453 | 677,256 | 758,654 | 4,431,071 |
| Total cash and investment fund balance - ending | <u>\$ 2,141,117</u> | <u>\$ 119,292</u> | <u>\$ 389,856</u> | <u>\$ 542,299</u> | <u>\$ 192,453</u> | <u>\$ 677,256</u> | <u>\$ 758,865</u> | <u>\$ 4,821,138</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

| | General | Transportation Operating | Debt Service | Capital Projects | School Bus Replacement | Repair and Replacement | Other | Totals |
|--|---------------------|-----------------------------|-------------------|---------------------|---------------------------|---------------------------|-------------------|---------------------|
| Receipts: | | | | | | | | |
| Local sources | \$ 4,493,491 | \$ 664,644 | \$ 1,863,732 | \$ 1,830,855 | \$ 14,169 | \$ 5,582 | \$ 1,115,577 | \$ 9,988,050 |
| Intermediate sources | 445 | - | - | - | - | - | 35,777 | 36,222 |
| State sources | 7,132,607 | - | - | - | - | - | 171,042 | 7,303,649 |
| Federal sources | 7,378 | - | - | - | - | - | 984,346 | 991,724 |
| Bonds and loans | 2,270,000 | 200,000 | - | 1,000,000 | - | - | 315,969 | 3,785,969 |
| Sale of property, adjustments and refunds | (1,277) | 8,257 | - | 2,031 | 7,000 | - | 1,007 | 17,018 |
| Total receipts | 13,902,644 | 872,901 | 1,863,732 | 2,832,886 | 21,169 | 5,582 | 2,623,718 | 22,122,632 |
| Disbursements: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction | 6,892,712 | - | - | 4,381 | - | - | 572,729 | 7,469,822 |
| Support services | 2,912,873 | 679,289 | - | 1,215,747 | - | 84,452 | 1,673,532 | 6,565,893 |
| Community services | 155,251 | - | - | - | - | - | - | 155,251 |
| Nonprogrammed charges | 1,120,830 | - | - | - | - | - | - | 1,120,830 |
| Debt services | 2,820,000 | 175,000 | 1,996,672 | 948,001 | - | - | 341,930 | 6,281,603 |
| Total disbursements | 13,901,666 | 854,289 | 1,996,672 | 2,168,129 | - | 84,452 | 2,588,191 | 21,593,399 |
| Excess (deficiency) of receipts over disbursements | 978 | 18,612 | (132,940) | 664,757 | 21,169 | (78,870) | 35,527 | 529,233 |
| Other financing sources (uses): | | | | | | | | |
| Transfers in | - | - | - | - | - | - | 10,569 | 10,569 |
| Transfers out | (184,326) | (2,792) | - | (2,401) | - | - | (16,434) | (205,953) |
| Total other financing sources (uses) | (184,326) | (2,792) | - | (2,401) | - | - | (5,865) | (195,384) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (183,348) | 15,820 | (132,940) | 662,356 | 21,169 | (78,870) | 29,662 | 333,849 |
| Cash and investments - beginning | 2,141,117 | 119,292 | 389,856 | 542,299 | 192,453 | 677,256 | 758,865 | 4,821,138 |
| Cash and investments - ending | \$ 1,957,769 | \$ 135,112 | \$ 256,916 | \$ 1,204,655 | \$ 213,622 | \$ 598,386 | \$ 788,527 | \$ 5,154,987 |
| Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because: | | | | | | | | |
| Internal service funds are used by management to charge the costs of certain services to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis. | | | | | | | | |
| | | | | | | | | 25,526 |
| Net assets of governmental activities | | | | | | | | \$ 5,180,513 |
| Cash and Investment Assets - Ending | | | | | | | | |
| Cash and investments | \$ 1,957,769 | \$ 135,112 | \$ - | \$ 1,204,655 | \$ 213,622 | \$ 598,386 | \$ 743,793 | \$ 4,853,337 |
| Restricted assets: | | | | | | | | |
| Cash and investments | - | - | 256,916 | - | - | - | 44,734 | 301,650 |
| Total cash and investment assets - ending | \$ 1,957,769 | \$ 135,112 | \$ 256,916 | \$ 1,204,655 | \$ 213,622 | \$ 598,386 | \$ 788,527 | \$ 5,154,987 |
| Cash and Investment Fund Balance - Ending | | | | | | | | |
| Restricted for: | | | | | | | | |
| Debt service | \$ - | \$ - | \$ 256,916 | \$ - | \$ - | \$ - | \$ 44,734 | \$ 301,650 |
| Unrestricted | 1,957,769 | 135,112 | - | 1,204,655 | 213,622 | 598,386 | 743,793 | 4,853,337 |
| Total cash and investment fund balance - ending | \$ 1,957,769 | \$ 135,112 | \$ 256,916 | \$ 1,204,655 | \$ 213,622 | \$ 598,386 | \$ 788,527 | \$ 5,154,987 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2007

| | <u>Internal Service Fund</u> |
|--|--------------------------------------|
| Operating receipts: | |
| Charges for services | \$ 317 |
| Miscellaneous | 47 |
| | 364 |
| | |
| Operating disbursements: | |
| Insurance claims and expense | 188,562 |
| | (188,198) |
| Excess (deficiency) of operating receipts over operating disbursements | |
| Transfers in | 199,384 |
| Change in net assets | 11,186 |
| Cash and investment fund balance - beginning | 7,138 |
| Cash and investment fund balance - ending | \$ 18,324 |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | \$ 18,324 |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | \$ 18,324 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2008

| | Internal Service Fund |
|--|-----------------------------|
| Operating receipts: | |
| Charges for services | \$ 139 |
| Miscellaneous | <u>62</u> |
| Total operating receipts | <u>201</u> |
| Operating disbursements: | |
| Insurance claims and expense | 83,728 |
| Other | <u>104,655</u> |
| Total operating disbursements | <u>188,383</u> |
| Excess (deficiency) of operating receipts over operating disbursements | (188,182) |
| Transfers in | <u>195,384</u> |
| Change in net assets | 7,202 |
| Cash and investment fund balance - beginning | <u>18,324</u> |
| Cash and investment fund balance - ending | <u>\$ 25,526</u> |
| <u>Cash and Investment Assets - Ending</u> | |
| Restricted assets: | |
| Cash and investments | <u>\$ 25,526</u> |
| <u>Cash and Investment Fund Balance - Ending</u> | |
| Restricted for: | |
| Other purposes | <u>\$ 25,526</u> |

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

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

| | Private-Purpose Trust Funds | Agency Funds |
|--|--------------------------------|------------------|
| Additions: Contributions: Other | \$ 5,716 | |
| Investment earnings: Interest | <u>98</u> | |
| Total additions | <u>5,814</u> | |
| Deductions: Administrative and general | <u>2,158</u> | |
| Excess of total additions over total deductions | 3,656 | |
| Cash and investment fund balance - beginning | <u>13,333</u> | |
| Cash and investment fund balance - ending | <u>\$ 16,989</u> | <u>\$ 59,917</u> |
| Net assets - cash and investment basis held in trust Cash and investments | <u>\$ 16,989</u> | |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2008

| | Private-Purpose Trust Funds | Agency Funds |
|--|--------------------------------|-----------------|
| Additions: | | |
| Contributions: | | |
| Other | \$ 500 | |
| Investment earnings: | | |
| Interest | 454 | |
| Total additions | 954 | |
| Deductions: | | |
| Administrative and general | 3,098 | |
| Deficiency of total additions over total deductions | (2,144) | |
| Cash and investment fund balance - beginning | 16,989 | |
| Cash and investment fund balance - ending | \$ 14,845 | \$ 58,527 |
| Net assets - cash and investment basis held in trust | | |
| Cash and investments | \$ 14,845 | |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The School Corporation's financial reporting entity is composed of the following:

Primary Government: Rochester Community School Corporation

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

Joint Venture

The School Corporation is a participant with nine other school corporations in a joint venture to operate North Central Area Vocational Cooperative (NCAVC) which was created to provide planning, operating programs, and service for vocational education. The School Corporation is obligated by contract to remit its proportionate share annually to supplement the NCAVC budget. The NCAVC's continued existence depends on continued funding by the member school corporations. Complete financial statements for the NCAVC can be obtained from the NCAVC administrative office located at the Culver Community School Corporation, P.O. Box 231, 222 North Ohio Street, Culver, IN 46511.

The School Corporation is a participant with nine other school corporations in a joint venture to operate Joint Educational Service in Special Education (JESSE) which was created to provide a comprehensive program for children with disabilities. The School Corporation is obligated by contract to remit its proportionate share annually to supplement the JESSE budget. JESSE's continued existence depends on continued funding by the member school corporations. Complete financial statements for the JESSE can be obtained from the JESSE administrative office located at 322 North Michigan Street, Plymouth, IN 46563.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

Fund financial statements of the reporting entity are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitutes its assets, fund equity, receipts, and disbursements. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

The School Corporation reports the following major governmental funds:

The general fund is the primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

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

The debt service fund accounts for debt from funds borrowed or advanced for the purchase or lease of school buildings, school buses, judgments against the corporation, equipment or capital construction, and interest on emergency and temporary loans.

The capital projects fund accounts for planned construction, repair, replacement or remodeling; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

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

The repair and replacement fund is used to account for accumulated transfers from the capital projects fund set aside for repairs to buildings and replacement of building fixtures.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for a portion of medical insurance provided to employees of other funds on a cost-reimbursement basis.

The private-purpose trust funds report trust arrangements under which principal and income benefit students who are awarded scholarships from the funds.

Agency funds account for assets held by the School Corporation as an agent for students and employees.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The cash and investment basis of accounting differs from accounting principles generally accepted in the United States of America in that receipts are recognized when received in cash rather than when earned and disbursements are recognized when paid rather than when a liability is incurred. Investment transactions are not presented on the financial statements.

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

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities are provided to people outside the government (enterprise funds) or other departments or agencies primarily within the government (internal service funds). The School Corporation does not have any enterprise funds.

When both restricted and unrestricted resources are available for use, the School Corporation's policy is to use restricted resources first, then unrestricted resources as they are needed.

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

5. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, and (2) operating grants and contributions. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Balances and Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity and balances in the fund financial statements have been eliminated or reclassified.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

Interfund activity and balances, if any, are eliminated or reclassified in the government-wide financial statements as follows:

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment. The effects of interfund services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

| Transfer From | Transfer To | 2007 | 2008 |
|--------------------------|-------------------------------|-------------------|-------------------|
| General Fund | Self-Insurance Fund | \$ 199,384 | \$ 184,326 |
| Transportation Operating | Self-Insurance Fund | - | 2,792 |
| Debt Service | Other governmental | 7,935 | - |
| Capital Projects | Repair and Replacement | 160,000 | - |
| Capital Projects | Other governmental | 248,000 | - |
| Capital Projects | Self-Insurance Fund | - | 2,401 |
| Other governmental | General Fund | 56,603 | - |
| Other governmental | Transportation Operating Fund | 7,411 | - |
| Other governmental | Capital Projects Fund | 12,297 | - |
| Other governmental | Debt Service Fund | 28,470 | - |
| Other governmental | Other governmental | 14,353 | 10,569 |
| Other governmental | Self-Insurance Fund | - | 5,865 |
| Totals | | <u>\$ 734,453</u> | <u>\$ 205,953</u> |

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

IV. Other Information

A. Risk Management

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; a portion of medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees and Dependents

The School Corporation has chosen to establish a risk financing fund for partially financing risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation has purchased commercial insurance with a \$2,500 per person (maximum \$7,500 per family) deductible. The employee is responsible for the first \$250 per person of the deductible, and the School Corporation will cover the remaining deductible less a 10% employee co-pay. Interfund premiums are paid into the fund by all affected funds and are available to pay claims. Interfund premiums are based upon the insurance carrier's recommendation which is applied to each affected fund and are reported as quasi-internal interfund transactions.

B. Holding Corporations

The School Corporation has entered into a capital lease with Rochester Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$729,000.

The School Corporation has entered into a capital lease with Rochester Community Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$1,041,000.

C. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in the defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system and give the School Corporation authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity

ROCHESTER COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

| | PERF |
|--|-------------|
| Annual required contribution | \$ 64,324 |
| Interest on net pension obligation | (4,838) |
| Adjustment to annual required contribution | 5,513 |
| Annual pension cost | 64,999 |
| Contributions made | 43,976 |
| Increase in net pension obligation | 21,023 |
| Net pension obligation, beginning of year | (66,733) |
| Net pension obligation, end of year | \$ (45,710) |

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

| | PERF |
|---------------------------------|--|
| Contribution rates: | |
| School Corporation | 4% |
| Plan members | 3% |
| Actuarial valuation date | 07-01-07 |
| Actuarial cost method | Entry age |
| Amortization method | Level percentage of projected payroll, closed |
| Amortization period | 30 years |
| Amortization period (from date) | 07-01-97 |
| Asset valuation method | 75% of expected actuarial value plus 25% of market value |

| Actuarial Assumptions | PERF |
|------------------------------------|-------|
| Investment rate of return | 7.25% |
| Projected future salary increases: | |
| Total | 5% |
| Attributed to inflation | 4% |
| Attributed to merit/seniority | 1% |
| Cost-of-living adjustments | 2% |

Three Year Trend Information

| | Year Ending | Annual Pension Cost (APC) | Percentage of APC Contributed | Net Pension Obligation |
|------|----------------|---------------------------------|-------------------------------------|------------------------------|
| PERF | 06-30-05 | \$ 37,915 | 110% | \$ (71,964) |
| | 06-30-06 | 42,052 | 88% | (66,733) |
| | 06-30-07 | 64,999 | 68% | (45,710) |

2. Cost-Sharing Multiple-Employer Defined Benefit Pension Plan

Teachers' Retirement Fund

Plan Description

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$210,197, \$188,156, and \$181,740, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

ROCHESTER COMMUNITY SCHOOL CORPORATION
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

| Actuarial Valuation Date | Actuarial Value of Assets (a) | Actuarial Accrued Liability (AAL) (b) | Excess of Assets Over (Unfunded) AAL (a-b) | Funded Ratio (a/b) | Covered Payroll (c) | Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c) |
|--------------------------------|--|---|--|--------------------------|---------------------------|--|
| 07-01-05 | \$ 979,577 | \$ 917,246 | \$ 62,331 | 107% | \$ 945,352 | 7% |
| 07-01-06 | 746,157 | 843,860 | (97,703) | 88% | 941,810 | (10%) |
| 07-01-07 | 864,901 | 975,167 | (110,266) | 89% | 1,031,189 | (11%) |

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

| | Pre-School Special Education | Rainy Day | Cafeteria | Textbook Rental | Levy Excess | Education License Plate Fees | Alternative Education |
|---|------------------------------------|-------------------|-------------------|--------------------|------------------|------------------------------------|--------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 8,244 | \$ - | \$ 496,082 | \$ 86,524 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | 1,181 | 3,500 |
| State sources | 40,184 | - | 12,082 | 19,545 | - | - | - |
| Federal sources | - | - | 352,545 | - | - | - | - |
| Bonds and loans | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | 385 | - | - | - | - |
| Total receipts | 48,428 | - | 861,094 | 106,069 | - | 1,181 | 3,500 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 40,801 | - | - | - | - | - | 12,170 |
| Support services | - | - | 883,951 | 126,830 | - | 8,459 | - |
| Community services | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 40,801 | - | 883,951 | 126,830 | - | 8,459 | 12,170 |
| Excess (deficiency) of receipts over disbursements | 7,627 | - | (22,857) | (20,761) | - | (7,278) | (8,670) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | 167 | 248,000 | - | 7,935 | - | - | - |
| Transfers out | (6,186) | - | - | - | (103,776) | - | - |
| Total other financing sources (uses) | (6,019) | 248,000 | - | 7,935 | (103,776) | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 1,608 | 248,000 | (22,857) | (12,826) | (103,776) | (7,278) | (8,670) |
| Cash and investments - beginning | 14,340 | - | 344,859 | 38,190 | 103,776 | 7,278 | 46,000 |
| Cash and investments - ending | \$ 15,948 | \$ 248,000 | \$ 322,002 | \$ 25,364 | \$ - | \$ - | \$ 37,330 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 15,948 | \$ 248,000 | \$ 322,002 | \$ 25,364 | \$ - | \$ - | \$ 37,330 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 15,948 | \$ 248,000 | \$ 322,002 | \$ 25,364 | \$ - | \$ - | \$ 37,330 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 15,948 | 248,000 | 322,002 | 25,364 | - | - | 37,330 |
| Total cash and investment fund balance - ending | \$ 15,948 | \$ 248,000 | \$ 322,002 | \$ 25,364 | \$ - | \$ - | \$ 37,330 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

| | Early Intervention Grant | RMS Solid Waste District Grant | North Central Leadership | Gifted and Talented 2006-07 | Gifted and Talented 2005-06 | Non-English Speaking Grant | Technology Workshop |
|---|--------------------------------|--------------------------------------|-----------------------------|-----------------------------------|-----------------------------------|----------------------------------|------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ 5,212 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | 1,500 | - | - | 13,883 | - | 78 | - |
| Federal sources | - | - | - | - | - | - | - |
| Bonds and loans | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | - |
| Total receipts | 1,500 | 5,212 | - | 13,883 | - | 78 | - |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | 5,212 | - | 9,191 | 10,705 | 153 | - |
| Support services | - | - | 5,240 | - | - | - | - |
| Community services | - | - | - | - | - | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | - | 5,212 | 5,240 | 9,191 | 10,705 | 153 | - |
| Excess (deficiency) of receipts over disbursements | 1,500 | - | (5,240) | 4,692 | (10,705) | (75) | - |
| 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 | 1,500 | - | (5,240) | 4,692 | (10,705) | (75) | - |
| Cash and investments - beginning | - | - | 5,240 | - | 10,705 | 505 | 1,917 |
| Cash and investments - ending | \$ 1,500 | \$ - | \$ - | \$ 4,692 | \$ - | \$ 430 | \$ 1,917 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 1,500 | \$ - | \$ - | \$ 4,692 | \$ - | \$ 430 | \$ 1,917 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 1,500 | \$ - | \$ - | \$ 4,692 | \$ - | \$ 430 | \$ 1,917 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 1,500 | - | - | 4,692 | - | 430 | 1,917 |
| Total cash and investment fund balance - ending | \$ 1,500 | \$ - | \$ - | \$ 4,692 | \$ - | \$ 430 | \$ 1,917 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

| | NGA Grant | Peers Educating Peers | Careers Majors Grant | Title I 2005-06 | Title I 2006-07 | Title V Part A 2004-05 | Title V Part A 2005-06 |
|---|-----------------|-----------------------------|----------------------------|--------------------|--------------------|---------------------------|---------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 25,000 | \$ 500 | \$ 12,000 | \$ - | \$ - | \$ 2,321 | \$ - |
| Intermediate sources | - | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - | - |
| Federal sources | - | - | - | 30,000 | 266,823 | - | 6,373 |
| Bonds and loans | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | - |
| Total receipts | 25,000 | 500 | 12,000 | 30,000 | 266,823 | 2,321 | 6,373 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | - | 61,987 | 250,490 | - | - |
| Support services | 15,566 | 228 | 958 | - | 3,274 | 42,157 | - |
| Community services | - | - | - | - | 1,350 | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 15,566 | 228 | 958 | 61,987 | 255,114 | 42,157 | - |
| Excess (deficiency) of receipts over disbursements | 9,434 | 272 | 11,042 | (31,987) | 11,709 | (39,836) | 6,373 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | 9,172 | - | - |
| Transfers out | - | - | - | (9,172) | - | - | - |
| Total other financing sources (uses) | - | - | - | (9,172) | 9,172 | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 9,434 | 272 | 11,042 | (41,159) | 20,881 | (39,836) | 6,373 |
| Cash and investments - beginning | - | - | - | 41,159 | - | 42,057 | - |
| Cash and investments - ending | \$ 9,434 | \$ 272 | \$ 11,042 | \$ - | \$ 20,881 | \$ 2,221 | \$ 6,373 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ 9,434 | \$ 272 | \$ 11,042 | \$ - | \$ 20,881 | \$ 2,221 | \$ 6,373 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 9,434 | \$ 272 | \$ 11,042 | \$ - | \$ 20,881 | \$ 2,221 | \$ 6,373 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 9,434 | 272 | 11,042 | - | 20,881 | 2,221 | 6,373 |
| Total cash and investment fund balance - ending | \$ 9,434 | \$ 272 | \$ 11,042 | \$ - | \$ 20,881 | \$ 2,221 | \$ 6,373 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

| | Drug Free Schools 2004-05 | Drug Free Schools 2005-06 | Team Nutrition Mini Grant 2006-07 | Title II Improving Teacher Quality | Enhancing Education Thru Technology | Retirement/ Severance Bond Debt | Totals |
|---|---------------------------------|---------------------------------|--|---|--|---------------------------------------|-------------------|
| Receipts: | | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 83,773 | \$ 719,656 |
| Intermediate sources | - | - | - | - | - | - | 4,681 |
| State sources | - | - | - | - | - | - | 87,272 |
| Federal sources | 4,683 | 5,761 | 500 | 91,642 | - | - | 758,327 |
| Bonds and loans | - | - | - | - | - | 95,000 | 95,000 |
| Sale of property, adjustments and refunds | - | - | - | - | - | - | 385 |
| Total receipts | 4,683 | 5,761 | 500 | 91,642 | - | 178,773 | 1,665,321 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | - | - | 500 | 4,646 | - | - | 395,855 |
| Support services | 9,683 | - | - | 74,750 | 4,341 | - | 1,175,437 |
| Community services | - | - | - | - | - | - | 1,350 |
| Debt services | - | - | - | - | - | 245,263 | 245,263 |
| Total disbursements | 9,683 | - | 500 | 79,396 | 4,341 | 245,263 | 1,817,905 |
| Excess (deficiency) of receipts over disbursements | (5,000) | 5,761 | - | 12,246 | (4,341) | (66,490) | (152,584) |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | 5,014 | 270,288 |
| Transfers out | - | - | - | - | - | - | (119,134) |
| Total other financing sources (uses) | - | - | - | - | - | 5,014 | 151,154 |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (5,000) | 5,761 | - | 12,246 | (4,341) | (61,476) | (1,430) |
| Cash and investments - beginning | 5,000 | 4,683 | - | 24,059 | 8,840 | 61,687 | 760,295 |
| Cash and investments - ending | \$ - | \$ 10,444 | \$ - | \$ 36,305 | \$ 4,499 | \$ 211 | \$ 758,865 |
| <u>Cash and Investment Assets - Ending</u> | | | | | | | |
| Cash and investments | \$ - | \$ 10,444 | \$ - | \$ 36,305 | \$ 4,499 | \$ - | \$ 758,654 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | 211 | 211 |
| Total cash and investment assets - ending | \$ - | \$ 10,444 | \$ - | \$ 36,305 | \$ 4,499 | \$ 211 | \$ 758,865 |
| <u>Cash and Investment Fund Balance - Ending</u> | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ 211 | \$ 211 |
| Unrestricted | - | 10,444 | - | 36,305 | 4,499 | - | 758,654 |
| Total cash and investment fund balance - ending | \$ - | \$ 10,444 | \$ - | \$ 36,305 | \$ 4,499 | \$ 211 | \$ 758,865 |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

| | Pre-School Special Education | Rainy Day | Cafeteria | Textbook Rental | Education License Plate Fees | Alternative Education | Early Intervention Grant |
|---|------------------------------------|--------------------------|--------------------------|-------------------------|------------------------------------|--------------------------|--------------------------------|
| Receipts: | | | | | | | |
| Local sources | \$ 12,340 | \$ - | \$ 468,906 | \$ 70,516 | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | 488 | - | - |
| State sources | 35,650 | - | - | 54,397 | - | - | 1,500 |
| Federal sources | - | - | 442,475 | - | - | - | - |
| Bonds and loans | - | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | 1,007 | - | - | - | - |
| Total receipts | 47,990 | - | 912,388 | 124,913 | 488 | - | 1,500 |
| Disbursements: | | | | | | | |
| Current: | | | | | | | |
| Instruction | 58,797 | - | - | - | - | 37,330 | - |
| Support services | - | 145,939 | 784,343 | 92,857 | 112 | - | - |
| Debt services | - | - | - | - | - | - | - |
| Total disbursements | 58,797 | 145,939 | 784,343 | 92,857 | 112 | 37,330 | - |
| Excess (deficiency) of receipts over disbursements | (10,807) | (145,939) | 128,045 | 32,056 | 376 | (37,330) | 1,500 |
| Other financing sources (uses): | | | | | | | |
| Transfers in | - | - | - | - | - | - | - |
| Transfers out | - | - | (2,237) | - | - | - | - |
| Total other financing sources (uses) | - | - | (2,237) | - | - | - | - |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | (10,807) | (145,939) | 125,808 | 32,056 | 376 | (37,330) | 1,500 |
| Cash and investments - beginning | 15,948 | 248,000 | 322,002 | 25,364 | - | 37,330 | 1,500 |
| Cash and investments - ending | <u>\$ 5,141</u> | <u>\$ 102,061</u> | <u>\$ 447,810</u> | <u>\$ 57,420</u> | <u>\$ 376</u> | <u>\$ -</u> | <u>\$ 3,000</u> |
| Cash and Investment Assets - Ending | | | | | | | |
| Cash and investments | \$ 5,141 | \$ 102,061 | \$ 447,810 | \$ 57,420 | \$ 376 | \$ - | \$ 3,000 |
| Restricted assets: | | | | | | | |
| Cash and investments | - | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 5,141</u> | <u>\$ 102,061</u> | <u>\$ 447,810</u> | <u>\$ 57,420</u> | <u>\$ 376</u> | <u>\$ -</u> | <u>\$ 3,000</u> |
| Cash and Investment Fund Balance - Ending | | | | | | | |
| Restricted for: | | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 5,141 | 102,061 | 447,810 | 57,420 | 376 | - | 3,000 |
| Total cash and investment fund balance - ending | <u>\$ 5,141</u> | <u>\$ 102,061</u> | <u>\$ 447,810</u> | <u>\$ 57,420</u> | <u>\$ 376</u> | <u>\$ -</u> | <u>\$ 3,000</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

| | New Tech High Donation | Gifted and Talented 2007-08 | Gifted and Talented 2006-07 | Non-English Speaking Grant | Technology Workshop | Project Lead the Way Workforce Development |
|--|---------------------------|-----------------------------------|-----------------------------------|----------------------------------|------------------------|---|
| Receipts: | | | | | | |
| Local sources | \$ 97,362 | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | 19,400 |
| State sources | - | 33,750 | - | 843 | - | - |
| Federal sources | - | - | - | - | - | - |
| Bonds and loans | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 97,362 | 33,750 | - | 843 | - | 19,400 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 21,475 | 4,692 | 72 | - | - |
| Support services | 25,244 | - | - | - | 1,756 | 21,600 |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 25,244 | 21,475 | 4,692 | 72 | 1,756 | 21,600 |
| Excess (deficiency) of receipts over disbursements | 72,118 | 12,275 | (4,692) | 771 | (1,756) | (2,200) |
| 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 | 72,118 | 12,275 | (4,692) | 771 | (1,756) | (2,200) |
| Cash and investments - beginning | - | - | 4,692 | 430 | 1,917 | - |
| Cash and investments - ending | \$ 72,118 | \$ 12,275 | \$ - | \$ 1,201 | \$ 161 | \$ (2,200) |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 72,118 | \$ 12,275 | \$ - | \$ 1,201 | \$ 161 | \$ (2,200) |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | \$ 72,118 | \$ 12,275 | \$ - | \$ 1,201 | \$ 161 | \$ (2,200) |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 72,118 | 12,275 | - | 1,201 | 161 | (2,200) |
| Total cash and investment fund balance - ending | \$ 72,118 | \$ 12,275 | \$ - | \$ 1,201 | \$ 161 | \$ (2,200) |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

| | Project Lead the Way Wired | Wired Grant | Project Lead the Way Bio-Med | NGA Grant | Peers Educating Peers | Careers Majors Grant |
|---|----------------------------------|--------------------|------------------------------------|--------------|-----------------------------|----------------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ 210,000 | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | 2,888 | - | - | - | - | 13,001 |
| State sources | 21,312 | 23,590 | - | - | - | - |
| Federal sources | - | - | - | - | - | - |
| Bonds and loans | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | 24,200 | 233,590 | - | - | - | 13,001 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 10,629 | 8,819 | - | - | - | - |
| Support services | 14,041 | 237,249 | 3,880 | 9,434 | - | 13,392 |
| Debt services | - | - | - | - | - | - |
| Total disbursements | 24,670 | 246,068 | 3,880 | 9,434 | - | 13,392 |
| Excess (deficiency) of receipts over disbursements | (470) | (12,478) | (3,880) | (9,434) | - | (391) |
| 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 | (470) | (12,478) | (3,880) | (9,434) | - | (391) |
| Cash and investments - beginning | - | - | - | 9,434 | 272 | 11,042 |
| Cash and investments - ending | <u>\$ (470)</u> | <u>\$ (12,478)</u> | <u>\$ (3,880)</u> | <u>\$ -</u> | <u>\$ 272</u> | <u>\$ 10,651</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ (470) | \$ (12,478) | \$ (3,880) | \$ - | \$ 272 | \$ 10,651 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ (470)</u> | <u>\$ (12,478)</u> | <u>\$ (3,880)</u> | <u>\$ -</u> | <u>\$ 272</u> | <u>\$ 10,651</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | (470) | (12,478) | (3,880) | - | 272 | 10,651 |
| Total cash and investment fund balance - ending | <u>\$ (470)</u> | <u>\$ (12,478)</u> | <u>\$ (3,880)</u> | <u>\$ -</u> | <u>\$ 272</u> | <u>\$ 10,651</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

| | Title I 2007-08 | Title I 2006-07 | Title V Part A 2004-05 | Title V Part A 2005-06 | Title V 2006-07 | Drug Free 2005-06 |
|--|--------------------|--------------------|---------------------------|---------------------------|--------------------|----------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Intermediate sources | - | - | - | - | - | - |
| State sources | - | - | - | - | - | - |
| Federal sources | 400,649 | 52,519 | - | - | 7,538 | - |
| Bonds and loans | - | - | - | - | - | - |
| Sale of property, adjustments and refunds | - | - | - | - | - | - |
| Total receipts | <u>400,649</u> | <u>52,519</u> | <u>-</u> | <u>-</u> | <u>7,538</u> | <u>-</u> |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | 361,356 | 68,984 | - | - | - | - |
| Support services | 2,574 | - | 2,221 | 12,526 | 3,104 | 10,444 |
| Debt services | - | - | - | - | - | - |
| Total disbursements | <u>363,930</u> | <u>68,984</u> | <u>2,221</u> | <u>12,526</u> | <u>3,104</u> | <u>10,444</u> |
| Excess (deficiency) of receipts over disbursements | <u>36,719</u> | <u>(16,465)</u> | <u>(2,221)</u> | <u>(12,526)</u> | <u>4,434</u> | <u>(10,444)</u> |
| Other financing sources (uses): | | | | | | |
| Transfers in | 4,416 | - | - | 6,153 | - | - |
| Transfers out | (3,628) | (4,416) | - | - | - | - |
| Total other financing sources (uses) | <u>788</u> | <u>(4,416)</u> | <u>-</u> | <u>6,153</u> | <u>-</u> | <u>-</u> |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | <u>37,507</u> | <u>(20,881)</u> | <u>(2,221)</u> | <u>(6,373)</u> | <u>4,434</u> | <u>(10,444)</u> |
| Cash and investments - beginning | - | 20,881 | 2,221 | 6,373 | - | 10,444 |
| Cash and investments - ending | <u>\$ 37,507</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,434</u> | <u>\$ -</u> |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 37,507 | \$ - | \$ - | \$ - | \$ 4,434 | \$ - |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | - | - | - |
| Total cash and investment assets - ending | <u>\$ 37,507</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,434</u> | <u>\$ -</u> |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Unrestricted | 37,507 | - | - | - | 4,434 | - |
| Total cash and investment fund balance - ending | <u>\$ 37,507</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 4,434</u> | <u>\$ -</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

| | Drug Free 2006-07 | Title II Improvement Teacher Quality | Enhancing Education Thru Technology | Retirement/ Severance Bond Debt | Construction | Totals |
|---|----------------------|---|--|---------------------------------------|----------------|-------------------|
| Receipts: | | | | | | |
| Local sources | \$ - | \$ - | \$ - | \$ 256,453 | \$ - | \$ 1,115,577 |
| Intermediate sources | - | - | - | - | - | 35,777 |
| State sources | - | - | - | - | - | 171,042 |
| Federal sources | 4,000 | 77,165 | - | - | - | 984,346 |
| Bonds and loans | - | - | - | 130,000 | 185,969 | 315,969 |
| Sale of property, adjustments and refunds | - | - | - | - | - | 1,007 |
| Total receipts | 4,000 | 77,165 | - | 386,453 | 185,969 | 2,623,718 |
| Disbursements: | | | | | | |
| Current: | | | | | | |
| Instruction | - | 575 | - | - | - | 572,729 |
| Support services | 3,509 | 98,839 | 4,499 | - | 185,969 | 1,673,532 |
| Debt services | - | - | - | 341,930 | - | 341,930 |
| Total disbursements | 3,509 | 99,414 | 4,499 | 341,930 | 185,969 | 2,588,191 |
| Excess (deficiency) of receipts over disbursements | 491 | (22,249) | (4,499) | 44,523 | - | 35,527 |
| Other financing sources (uses): | | | | | | |
| Transfers in | - | - | - | - | - | 10,569 |
| Transfers out | - | (6,153) | - | - | - | (16,434) |
| Total other financing sources (uses) | - | (6,153) | - | - | - | (5,865) |
| Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses | 491 | (28,402) | (4,499) | 44,523 | - | 29,662 |
| Cash and investments - beginning | - | 36,305 | 4,499 | 211 | - | 758,865 |
| Cash and investments - ending | \$ 491 | \$ 7,903 | \$ - | \$ 44,734 | \$ - | \$ 788,527 |
| Cash and Investment Assets - Ending | | | | | | |
| Cash and investments | \$ 491 | \$ 7,903 | \$ - | \$ - | \$ - | \$ 743,793 |
| Restricted assets: | | | | | | |
| Cash and investments | - | - | - | 44,734 | - | 44,734 |
| Total cash and investment assets - ending | \$ 491 | \$ 7,903 | \$ - | \$ 44,734 | \$ - | \$ 788,527 |
| Cash and Investment Fund Balance - Ending | | | | | | |
| Restricted for: | | | | | | |
| Debt service | \$ - | \$ - | \$ - | \$ 44,734 | \$ - | \$ 44,734 |
| Unrestricted | 491 | 7,903 | - | - | - | 743,793 |
| Total cash and investment fund balance - ending | \$ 491 | \$ 7,903 | \$ - | \$ 44,734 | \$ - | \$ 788,527 |

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

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

| | Rob Duzan Scholarship | Bill Kurz Scholarship | High School Donations | Admin Donation | Literacy RMS and RHS | Hurricane Education | Totals |
|--|--------------------------|--------------------------|--------------------------|-------------------|-------------------------|------------------------|------------------|
| Additions: | | | | | | | |
| Contributions: | | | | | | | |
| Other | \$ - | \$ 530 | \$ - | \$ 3,260 | \$ 926 | \$ 1,000 | \$ 5,716 |
| Investment earnings: | | | | | | | |
| Interest | 98 | - | - | - | - | - | 98 |
| Total additions | 98 | 530 | - | 3,260 | 926 | 1,000 | 5,814 |
| Deductions: | | | | | | | |
| Administrative and general | 355 | 770 | - | 107 | 926 | - | 2,158 |
| Excess deficiency of total additions over total deductions | (257) | (240) | - | 3,153 | - | 1,000 | 3,656 |
| Cash and investment fund balance - beginning | 2,547 | 6,996 | 1,790 | - | - | 2,000 | 13,333 |
| Cash and investments - June 30 | <u>\$ 2,290</u> | <u>\$ 6,756</u> | <u>\$ 1,790</u> | <u>\$ 3,153</u> | <u>\$ -</u> | <u>\$ 3,000</u> | <u>\$ 16,989</u> |
| Net assets - cash and investment basis held in trust Cash and investments | <u>\$ 2,290</u> | <u>\$ 6,756</u> | <u>\$ 1,790</u> | <u>\$ 3,153</u> | <u>\$ -</u> | <u>\$ 3,000</u> | <u>\$ 16,989</u> |

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

| | Rob Duzan Scholarship | Bill Kurz Scholarship | High School Donations | Admin Donation | Hurricane Education | Totals |
|--|--------------------------|--------------------------|--------------------------|-------------------|------------------------|------------------|
| Additions: | | | | | | |
| Contributions: | | | | | | |
| Other | \$ - | \$ 400 | \$ - | \$ 100 | \$ - | \$ 500 |
| Investment earnings: | | | | | | |
| Interest | <u>125</u> | <u>329</u> | - | - | - | <u>454</u> |
| Total additions | 125 | 729 | - | 100 | - | 954 |
| Deductions: | | | | | | |
| Administrative and general | <u>240</u> | <u>860</u> | - | <u>1,998</u> | - | <u>3,098</u> |
| Deficiency of total additions over total deductions | (115) | (131) | - | (1,898) | - | (2,144) |
| Cash and investment fund balance - beginning | <u>2,290</u> | <u>6,756</u> | <u>1,790</u> | <u>3,153</u> | <u>3,000</u> | <u>16,989</u> |
| Cash and investments - June 30 | <u>\$ 2,175</u> | <u>\$ 6,625</u> | <u>\$ 1,790</u> | <u>\$ 1,255</u> | <u>\$ 3,000</u> | <u>\$ 14,845</u> |
| Net assets - cash and investment basis held in trust | | | | | | |
| Cash and investments | <u>\$ 2,175</u> | <u>\$ 6,625</u> | <u>\$ 1,790</u> | <u>\$ 1,255</u> | <u>\$ 3,000</u> | <u>\$ 14,845</u> |

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2007

| | Cafeteria Prepaid Food | Medicaid Clearing | Payroll Withholdings | Totals |
|---|---------------------------|----------------------|-------------------------|-----------|
| Cash and investment fund balance - ending | \$ 6,097 | \$ 1,033 | \$ 52,787 | \$ 59,917 |

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

| | Cafeteria Prepaid Food | Medicaid Clearing | Payroll Withholdings | Totals |
|---|---------------------------|----------------------|-------------------------|-----------|
| Cash and investment fund balance - ending | \$ 7,272 | \$ 1,033 | \$ 50,222 | \$ 58,527 |

ROCHESTER COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

| <u>Primary Government</u> | <u>Ending Balance</u> |
|--|---------------------------|
| Governmental activities: | |
| Capital assets, not being depreciated: | |
| Land | \$ 1,510,800 |
| Buildings | 23,860,008 |
| Improvements other than buildings | 719,860 |
| Machinery and equipment | <u>4,973,780</u> |
| Total governmental activities, capital assets not being depreciated | <u>\$ 31,064,448</u> |

ROCHESTER COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School Corporation has entered into the following debt:

| Description of Debt | Ending Principal Balance | Principal and Interest Due Within One Year |
|--|--------------------------------|---|
| Governmental Activities: | | |
| Capital leases: | | |
| 2006 Refunding Lease - for School Buildings | \$ 7,925,000 | \$ 1,041,000 |
| 2008 Refunding Lease - for School Buildings | 6,445,000 | 728,000 |
| Notes and loans payable: | | |
| Common School Loan | 150,000 | 82,875 |
| Bonds payable: | | |
| General obligation bonds: | | |
| Pension Bond | 350,000 | 122,510 |
| Total governmental activities long-term debt | <u>\$ 14,870,000</u> | <u>\$ 1,974,385</u> |

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE ROCHESTER COMMUNITY
SCHOOL CORPORATION, FULTON COUNTY, INDIANA

Compliance

We have audited the compliance of the Rochester Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major

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

federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended solely for the information and use of the School Corporation's management, the school board, and 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 3, 2009

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

| 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 06-30-07 | Total Federal Awards Expended 06-30-08 |
|---|---------------------------|--|---|---|
| U.S. DEPARTMENT OF AGRICULTURE | | | | |
| Pass Through Indiana Department of Education | | | | |
| Child Nutrition Cluster | | | | |
| School Breakfast Program | 10.553 | | \$ 45,508 | \$ 74,623 |
| National School Lunch Program | 10.555 | | 327,941 | 386,264 |
| Summer Food Service Program for Children | 10.559 | | - | 36,315 |
| Total for cluster | | | <u>373,449</u> | <u>497,202</u> |
| Team Nutrition Grants | 10.574 | | 500 | - |
| Fresh Fruit and Vegetable Program | 10.582 | | 33,128 | 53,240 |
| Total for federal grantor agency | | | <u>407,077</u> | <u>550,442</u> |
| U.S. DEPARTMENT OF EDUCATION | | | | |
| Pass Through Indiana Department of Education | | | | |
| Title I Grants to Local Educational Agencies | | | | |
| | 84.010 | | | |
| | | 06-2645 | 61,987 | - |
| | | 07-2645 | 255,114 | 68,984 |
| | | 08-2645 | - | 367,558 |
| Total for program | | | <u>317,101</u> | <u>436,542</u> |
| Vocational Education - Basic Grants to States | 84.048 | | | |
| Career Exploration Aides | | | 7,378 | 7,378 |
| Safe and Drug Free Schools and Communities - State Grants | 84.186 | | | |
| | | 04-351 | 9,683 | - |
| | | 05-285 | - | 10,444 |
| | | 2645-06 | - | 3,509 |
| Total for program | | | <u>9,683</u> | <u>13,953</u> |
| State Grants for Innovative Programs | 84.298 | | | |
| | | 04-241 | 42,157 | 2,221 |
| | | 05-190 | - | 12,526 |
| | | 06-2645 | - | 3,104 |
| Total for program | | | <u>42,157</u> | <u>17,851</u> |
| Education Technology State Grants | 84.318 | | | |
| | | S318X040014 | 3,029 | - |
| | | S318X050014 | 1,312 | 4,499 |
| Total for program | | | <u>4,341</u> | <u>4,499</u> |
| Improving Teacher Quality State Grants | 84.367 | | | |
| | | 03-194 | 6,708 | - |
| | | 04-231 | 22,415 | - |
| | | 05-106 | 50,273 | 36,305 |
| | | 06-2645 | - | 55,442 |
| | | 07-2645 | - | 7,667 |
| Total for program | | | <u>79,396</u> | <u>99,414</u> |
| Total for federal grantor agency | | | <u>460,056</u> | <u>579,637</u> |
| Total federal awards expended | | | <u>\$ 867,133</u> | <u>\$ 1,130,079</u> |

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the Rochester Community School Corporation (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

| Program Title | Federal CFDA Number | 2007 | 2008 |
|-------------------------------|---------------------------|----------|-----------|
| School Breakfast Program | 10.553 | \$ 6,593 | \$ 16,226 |
| National School Lunch Program | 10.555 | 47,440 | 83,989 |

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

| | |
|--|---------------|
| Material weaknesses identified? | no |
| Significant deficiencies identified that are not considered to be material weaknesses? | none reported |

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

| | |
|--|---------------|
| Material weaknesses identified? | no |
| Significant deficiencies identified that are not considered to be material weaknesses? | none reported |

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

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

Identification of Major Programs:

| CFDA Number | Name of Federal Program or Cluster |
|----------------|------------------------------------|
|----------------|------------------------------------|

Child Nutrition Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

ROCHESTER COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ROCHESTER COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 3, 2009, with John Schneider, Treasurer; Dr. Debra Howe, Superintendent of Schools, and James E. Straeter, President of the School Board. Our audit disclosed no material items that warrant comment at this time.