

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

AUDIT REPORT

OF

RIVER FOREST COMMUNITY SCHOOL CORPORATION

LAKE COUNTY, INDIANA

July 1, 2007 to June 30, 2009



FILED

03/05/2010

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
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	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	7-8
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	9-10
Proprietary Fund:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Proprietary Fund	11-12
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	13-14
Notes to Financial Statements	15-26
Required Supplementary Information:	
Schedule of Funding Progress	27
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	28-35
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds	36-37
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Agency Funds.....	38-39
Schedule of Long-Term Debt	40
Audit Results and Comments:	
Review of Bank Reconcilements	41
Lack of Reconciliation of Student Account Balances.....	41
Average Daily Membership (ADM) – Incorrect Reporting to the State.....	42
Overdrawn Cash and Investment Balances	42
Nonuse of Receipt Form SA-3.....	42
Supplemental Audit of Federal Awards:	
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.....	44-45
Schedule of Expenditures of Federal Awards	46
Notes to Schedule of Expenditures of Federal Awards.....	47
Schedule of Findings and Questioned Costs	48-50
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	51-52
Corrective Action Plan.....	53-54
Exit Conference.....	55
Official Response	56-57

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Brenda McCormack	07-01-07 to 06-30-10
Superintendent of Schools	Dr. James Rice	07-01-07 to 06-30-10
President of the School Board	Richard Arnold	07-01-07 to 06-30-10



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 FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

TO: THE OFFICIALS OF THE RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River Forest Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 1, 2010, 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, 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 Long-Term Debt has 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 1, 2010



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

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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the River Forest Community School Corporation (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 1, 2010. 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiencies described in Finding Numbers 2009-1 and 2009-2 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting.

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. However, of the significant deficiencies described above, we consider Finding Number 2009-1 to be material weaknesses.

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.

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

This report is intended solely for the information and use of the School Corporation's management, school board, 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 1, 2010

RIVER FOREST 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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,369,987	\$ -	\$ 223,889	\$ (6,146,098)
Support services	5,152,612	134,234	769,746	(4,248,632)
Noninstructional services	1,021,621	-	-	(1,021,621)
Facilities acquisition and construction	3,946,736	-	-	(3,946,736)
Debt service	3,371,122	-	-	(3,371,122)
Nonprogrammed charges	518,488	-	-	(518,488)
Total governmental activities	<u>\$ 20,380,566</u>	<u>\$ 134,234</u>	<u>\$ 993,635</u>	<u>(19,252,697)</u>
General receipts:				
Property taxes				2,782,750
Other local sources				601,519
State aid				8,570,680
Bonds and loans				6,841,576
Grants and contributions not restricted to specific programs				745,588
Sale of property				2,553
Investment earnings				146,048
Other				399
Total general receipts				<u>19,691,113</u>
Change in net assets				438,416
Restated net assets - beginning (Note III.C)				<u>4,798,116</u>
Net assets - ending				<u>\$ 5,236,532</u>
<u>Assets</u>				
Cash and investments				\$ 2,568,694
Restricted assets:				
Cash and investments				<u>2,667,838</u>
Total assets				<u>\$ 5,236,532</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 556,608
Other purposes				2,111,230
Unrestricted				<u>2,568,694</u>
Total net assets				<u>\$ 5,236,532</u>

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,537,816	\$ -	\$ 295,425	\$ (6,242,391)
Support services	6,030,019	153,875	718,901	(5,157,243)
Noninstructional services	1,051,305	-	-	(1,051,305)
Facilities acquisition and construction	123,107	-	-	(123,107)
Debt service	5,359,608	-	-	(5,359,608)
Nonprogrammed charges	<u>182,306</u>	<u>-</u>	<u>-</u>	<u>(182,306)</u>
Total governmental activities	<u>\$ 19,284,161</u>	<u>\$ 153,875</u>	<u>\$ 1,014,326</u>	<u>(18,115,960)</u>
General receipts:				
Property taxes				5,186,860
Other local sources				844,825
State aid				9,166,608
Grants and contributions not restricted to specific programs				1,871,740
Sale of property				122,810
Investment earnings				63,562
Other				<u>20,109</u>
Total general receipts				<u>17,276,514</u>
Change in net assets				(839,446)
Net assets - beginning				<u>5,236,532</u>
Net assets - ending				<u>\$ 4,397,086</u>
<u>Assets</u>				
Cash and investments				\$ 1,471,465
Restricted assets:				
Cash and investments				<u>2,925,621</u>
Total assets				<u>\$ 4,397,086</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 131,010
Other purposes				2,794,611
Unrestricted				<u>1,471,465</u>
Total net assets				<u>\$ 4,397,086</u>

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

RIVER FOREST 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	School Lunch	Textbook Rental	Debt Service	Construction	Other	Totals
Receipts:							
Local sources	\$ 1,526,536	\$ 95,528	\$ 30,660	\$ 530,305	\$ -	\$ 1,203,969	\$ 3,386,998
Intermediate sources	211,153	-	-	-	-	-	211,153
State sources	8,721,520	2,610	113,536	-	-	115,679	8,953,345
Federal sources	-	653,600	-	-	-	702,960	1,356,560
Temporary loans	1,480,000	-	-	1,520,000	3,196,576	645,000	6,841,576
Interfund loans	-	-	-	-	-	130,000	130,000
Other	-	399	-	-	-	-	399
Total receipts	11,939,209	752,137	144,196	2,050,305	3,196,576	2,797,608	20,880,031
Disbursements:							
Current:							
Instruction	5,775,287	-	-	-	-	594,700	6,369,987
Support services	3,628,072	-	144,143	-	-	1,380,397	5,152,612
Noninstructional services	277,843	741,293	-	-	-	2,485	1,021,621
Facilities acquisition and construction	-	11,139	-	-	3,264,961	670,636	3,946,736
Debt services	1,161,000	-	-	1,707,298	-	502,824	3,371,122
Nonprogrammed charges	862,559	-	-	-	-	27,500	890,059
Interfund loans	130,000	-	-	-	-	-	130,000
Total disbursements	11,834,761	752,432	144,143	1,707,298	3,264,961	3,178,542	20,882,137
Excess (deficiency) of receipts over disbursements	104,448	(295)	53	343,007	(68,385)	(380,934)	(2,106)
Other financing sources (uses):							
Sale of capital assets	2,525	28	-	-	-	-	2,553
Transfers in	62,497	-	-	40,951	-	168,717	272,165
Transfers out	-	-	-	-	-	(272,165)	(272,165)
Total other financing sources (uses)	65,022	28	-	40,951	-	(103,448)	2,553
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	169,470	(267)	53	383,958	(68,385)	(484,382)	447
Restated cash and investments - beginning (Note III.C.)	1,464,749	110,826	205,374	166,092	68,385	1,109,429	3,124,855
Cash and investments - ending	\$ 1,634,219	\$ 110,559	\$ 205,427	\$ 550,050	\$ -	\$ 625,047	3,125,302
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.							
							2,111,230
Net assets of governmental activities							<u>\$ 5,236,532</u>
Cash and Investment Assets - Ending							
Cash and investments	\$ 1,634,219	\$ 110,559	\$ 205,427	\$ -	\$ -	\$ 618,489	\$ 2,568,694
Restricted assets:							
Cash and investments	-	-	-	550,050	-	6,558	556,608
Total cash and investment assets - ending	\$ 1,634,219	\$ 110,559	\$ 205,427	\$ 550,050	\$ -	\$ 625,047	\$ 3,125,302
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 550,050	\$ -	\$ 6,558	\$ 556,608
Unrestricted	1,634,219	110,559	205,427	-	-	618,489	2,568,694
Total cash and investment fund balance - ending	\$ 1,634,219	\$ 110,559	\$ 205,427	\$ 550,050	\$ -	\$ 625,047	\$ 3,125,302

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

RIVER FOREST 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, 2009

	General	School Lunch	Textbook Rental	Fiscal Stabilization	Debt Service	Construction	Other	Totals
Receipts:								
Local sources	\$ 1,410,768	\$ 121,701	\$ 135,752	\$ -	\$ 3,027,865	\$ 2,589	\$ 1,214,901	\$ 5,913,576
Intermediate sources	284,241	-	-	-	-	-	-	284,241
State sources	9,381,773	2,955	86,213	-	-	-	122,059	9,593,000
Federal sources	-	629,732	-	939,532	-	-	890,409	2,459,673
Interfund loans	130,000	-	-	-	-	-	-	130,000
Other	9,226	10,306	-	-	-	577	-	20,109
Total receipts	11,216,008	764,694	221,965	939,532	3,027,865	3,166	2,227,369	18,400,599
Disbursements:								
Current:								
Instruction	5,426,449	-	-	188,570	-	-	922,797	6,537,816
Support services	4,323,445	-	213,861	132,606	-	577	1,359,530	6,030,019
Noninstructional services	336,111	711,094	-	-	-	-	4,100	1,051,305
Facilities acquisition and construction	-	-	-	-	-	2,589	120,518	123,107
Debt services	1,480,000	-	-	-	3,371,905	-	507,703	5,359,608
Nonprogrammed charges	733,131	-	-	-	-	-	81,250	814,381
Interfund loans	-	-	-	-	-	-	130,000	130,000
Total disbursements	12,299,136	711,094	213,861	321,176	3,371,905	3,166	3,125,898	20,046,236
Excess (deficiency) of receipts over disbursements	(1,083,128)	53,600	8,104	618,356	(344,040)	-	(898,529)	(1,645,637)
Other financing sources (uses):								
Sale of capital assets	457	97	-	-	-	-	122,256	122,810
Transfers in	75,000	-	-	-	-	-	-	75,000
Transfers out	-	-	-	-	(75,000)	-	-	(75,000)
Total other financing sources (uses)	75,457	97	-	-	(75,000)	-	122,256	122,810
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,007,671)	53,697	8,104	618,356	(419,040)	-	(776,273)	(1,522,827)
Cash and investments - beginning	1,634,219	110,559	205,427	-	550,050	-	625,047	3,125,302
Cash and investments - ending	<u>\$ 626,548</u>	<u>\$ 164,256</u>	<u>\$ 213,531</u>	<u>\$ 618,356</u>	<u>\$ 131,010</u>	<u>\$ -</u>	<u>\$ (151,226)</u>	1,602,475
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.								
								2,794,611
Net assets of governmental activities								<u>\$ 4,397,086</u>
Cash and Investment Assets - Ending								
Cash and investments	\$ 626,548	\$ 164,256	\$ 213,531	\$ 618,356	\$ -	\$ -	\$ (151,226)	\$ 1,471,465
Restricted assets:								
Cash and investments	-	-	-	-	131,010	-	-	131,010
Total cash and investment assets - ending	<u>\$ 626,548</u>	<u>\$ 164,256</u>	<u>\$ 213,531</u>	<u>\$ 618,356</u>	<u>\$ 131,010</u>	<u>\$ -</u>	<u>\$ (151,226)</u>	<u>\$ 1,602,475</u>
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 131,010	\$ -	\$ -	\$ 131,010
Unrestricted	626,548	164,256	213,531	618,356	-	-	(151,226)	1,471,465
Total cash and investment fund balance - ending	<u>\$ 626,548</u>	<u>\$ 164,256</u>	<u>\$ 213,531</u>	<u>\$ 618,356</u>	<u>\$ 131,010</u>	<u>\$ -</u>	<u>\$ (151,226)</u>	<u>\$ 1,602,475</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 1,809,061
Miscellaneous	66,398
Total operating receipts	1,875,459
Operating disbursements:	
Insurance claims and expense	713,290
Other	724,200
Total operating disbursements	1,437,490
Change in net assets	437,969
Cash and investment fund balance - beginning	1,673,261
Cash and investment fund balance - ending	\$ 2,111,230
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 2,111,230
Total cash and investment assets - ending	\$ 2,111,230
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 2,111,230
Total cash and investment fund balance - ending	\$ 2,111,230

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 2,056,644
Miscellaneous	<u>51,306</u>
Total operating receipts	<u>2,107,950</u>
Operating disbursements:	
Insurance claims and expense	12,804
Other	<u>1,411,765</u>
Total operating disbursements	<u>1,424,569</u>
Change in net assets	683,381
Cash and investment fund balance - beginning	<u>2,111,230</u>
Cash and investment fund balance - ending	<u>\$ 2,794,611</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 2,794,611</u>
Total cash and investment assets - ending	<u>\$ 2,794,611</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 2,794,611</u>
Total cash and investment fund balance - ending	<u>\$ 2,794,611</u>

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

RIVER FOREST 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	\$ 150	
Deductions:		
Administrative and general	5,102	
Excess (deficiency) of total additions over total deductions	(4,952)	
Restated cash and investment fund balance - beginning (Note III.c)	11,569	
Cash and investment fund balance - ending	\$ 6,617	\$ 83,864
Net assets:		
Cash and investments	\$ 6,617	
Total net assets - cash and investment basis held in trust	\$ 6,617	

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 625	
Deductions:		
Administrative and general	755	
Excess (deficiency) of total additions over total deductions	(130)	
Cash and investment fund balance - beginning	6,617	
Cash and investment fund balance - ending	\$ 6,487	\$ 64,589
Net assets:		
Cash and investments	\$ 6,487	
Total net assets - cash and investment basis held in trust	\$ 6,487	

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

RIVER FOREST 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: River Forest 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 the Northwest Indiana Special Education Cooperative (Cooperative) which was created to provide instruction for disabled children. The School Corporation is obligated by contract to a funding percentage based on its share of assessed valuation at March 1 of the previous year and its share of Average Daily Membership as compared to the total of all member school corporations, determined annually. Complete financial statements for the Cooperative can be obtained from its administrative office at 2150 West 97th Avenue, Crown Point, Indiana, 46307.

The School Corporation is a participant in the Northwest Indiana Public School Study Council (Study Council), a joint school services program established December 10, 1969, for the improvement of education and the study of problems and issues involved in public education. The Study Council is governed by a board composed of a member from each participating school corporation. The school pays an annual fee to belong to the Study Council. Complete financial statements can be obtained from the Merrillville Community School Corporation, 6701 Delaware Street, Merrillville, Indiana, 46410.

The School Corporation is a participant in the Northwest Indiana Public Educational Services Center (Service Center), a joint services program established May 30, 1985, for the participating school corporations to cooperate and share programs such as curriculum development, instructional materials, needs assessment, computer utilization and in-service education. The School Corporation provides funding based on Average Daily Membership, determined annually. Complete financial statements can be obtained from the Service Center's Administrative office, 2939 41st Avenue, Highland, Indiana, 46322.

The School Corporation is a participant with other school corporations in a joint venture to operate the Northwest Indiana Natural Gas Cooperative (Gas Cooperative) which was created to procure natural gas in a more economical and efficient manner. The Gas Cooperative operates under the authority of the Northwest Indiana Educational Service Center. The School Corporation provides funding for administrative costs based upon a percentage of Average Daily Membership. Complete financial statements can be obtained from the Gas Cooperative Administrative office, 2939 41st Avenue, Highland, Indiana, 46322.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statements of Activities and Net Assets – Cash and Investment Basis display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities, although the School Corporation does not have any business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

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 school lunch fund accounts for the financial resources for the operation of the school breakfast, lunch, and after school snack programs.

The textbook rental fund is used to account for the receipts and disbursements for textbooks.

The fiscal stabilization (stimulus) fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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 construction fund is used to account for receipts and disbursements concerning new construction or renovation of buildings.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for group health insurance and related expenditures.

The private-purpose trust funds report a trust arrangement under which principal and income benefit the needs as addressed by each individual donor.

Agency funds account for assets held by the School Corporation as an agent for federal, state, and various public and private organizations.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 fund 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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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 Basis. 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 January 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.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Cash and Investment Balance Deficits

At June 30, 2009, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
Transportation Operating	\$ 39,202
Retirement/Severance Bond	5,670
Capital Projects	338,359
School Bus Replacement	6,265

Cash and investment deficits arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; these deficits are to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits and Investments

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 School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2009, the School Corporation had deposit balances in the amount of \$4,381,923.

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, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
Debt Service	General Fund	\$ -	\$ 75,000
Other governmental funds	General Fund	62,497	-
	Debt Service	40,951	-
	Other governmental funds	168,717	-
Totals		\$ 272,165	\$ 75,000

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit.

Opinion Unit	Balance as Reported June 30, 2007	Fund Reclassification	Balance as Restated June 30, 2007
Statement of Activities and Net Assets -			
Cash and Investment Basis:			
Governmental activities	\$ 4,635,890	\$ 162,226	\$ 4,798,116
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances -			
Cash and Investment Basis Governmental Funds	2,962,629	162,226	3,124,855
Statement of Additions, Deductions, and Changes in Cash and Investment Balances Fiduciary Funds			
Private-Purpose Trust Funds	3,890	7,679	11,569
Agency Funds	259,049	(169,905)	89,144

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.

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; 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

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees. The risk financing fund is accounted for in the Self Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$100,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Amounts are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each affected fund and are reported as quasi-external interfund transactions.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Holding Corporation

The School Corporation has entered into a capital lease with Meister School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2008 and June 30, 2009, totaled \$125,000 and \$130,000, respectively.

C. Reassessment and Property Taxes

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2007, 2008, or 2009, as required by statute due to the continued delay caused in the completion of the reassessment of Lake County. The final settlement of taxes which were to be distributed to the school corporation as of December 31, 2007 and 2008 were not distributed until March 2008 and 2009, respectively. Starting January 1, 2009, the School Corporation's General Fund was no longer supported by property taxes. The State of Indiana began funding the School Corporation's General Fund. As of June 30, 2009, the School Corporation had not received any 2009 property tax collections for the other funds still supported by property taxes.

D. Subsequent Events

Property Taxes

Property tax rates and levies were not established by the Indiana Department of Local Government Finance as of February 15, 2009, as required by statute due to the continued delay caused in the completion of the reassessment of Lake County. The 2008 pay 2009 property tax rates were approved on July 31, 2009. The County sent the bills in October 2009, which were due in two installments on October 28 and November 30, 2009. The School Corporation received a partial payment on November 3 and November 25, 2009. Final settlement of property tax collections was made on January 20, 2010.

State Assistance

Due to budget shortfalls state wide, the State is reducing the funding school corporations will receive beginning January 1, 2010. River Forest Community School Corporation estimates its funding will be reduced by approximately \$528,000 for the calendar year 2010. To compensate for this shortfall the School Corporation will not replace employees who retire in 2010.

Federal Financial Assistance – ARRA

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Title I in the amount of \$302,340.14. As of December 31, 2009, the School Corporation received \$99,340.14 of the awarded amount leaving a balance yet to receive of \$203,000.

E. Termination Benefits

Teachers and Administrators

The School Corporation contributes 2% of each employee's base salary into a 401(a) retirement savings account. The contributions begin during the first month of employment for each new employee and continue to accrue in the employee's account. If an employee dies during his/her

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

first five years of service, the account becomes the property of his/her estate. If, for any other reason, an employee leaves prior to completing five years of service, the amounts in the account become the property of the School Corporation. Upon completion of the fifth year of employment all assets of the 401(a) account become vested to the employee. For the years ended June 30, 2008 and 2009, the School Corporation contributed \$86,453, and \$94,080 to the retirement saving accounts, respectively.

F. Other Postemployment Benefits

The School Corporation provides postemployment health, dental, and vision insurance benefits to all employees who retire from the School Corporation on or after attaining age 55 with at least 15 years of service. Currently, seven (7) retirees meet these eligibility requirements. The School Corporation and retirees provide 80% and 20%, respectively, of these postemployment benefits. Disbursements for these postemployment benefits are recognized on a pay as you go basis. During the years ended June 30, 2008 and June 30, 2009, disbursements of \$66,274 and \$52,305, respectively, were recognized for post employment benefits.

G. Pension Plans

1. Agent Multiple-Employer and Single-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 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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

PERF members are required to contribute 3 percent of their annual covered salary. The School Corporation is required to contribute at an actuarially determined rate; the current rate is 7.5 percent of annual covered payroll. The contribution requirements of plan members and the School Corporation are established and may be amended by the PERF Board of Trustees.

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	\$ 151,603
Interest on net pension obligation	(3,047)
Adjustment to annual required contribution	3,472
Annual pension cost	152,028
Contributions made	143,046
Increase (decrease) in net pension obligation	8,982
Net pension obligation, beginning of year	(42,026)
Net pension obligation, end of year	\$ (33,044)

	PERF
Contribution rates:	
School Corporation	7.5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age normal cost
Amortization method	Level dollar, closed amortization period percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-07
Asset valuation method	75% of expected actuarial value plus 25% of market value

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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	06-30-06	\$ 119,396	92%	\$ (73,378)
	06-30-07	143,781	78%	(42,026)
	06-30-08	152,028	94%	(33,044)

Funded Status and Funding Progress for the Above Plan

The funded status of each plan as of July 1, 2008, the most recent actuarial valuation date is as follows:

Retirement Plan	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	(Unfunded) AAL (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((b-a)/c)
PERF	\$ 2,285,056	\$ 2,804,113	\$ (519,057)	81%	\$ 1,944,499	27%

The Schedule of Funding Progress, presented as RSI for the above plans following the Notes to the Financial Statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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's contributions to the plan during the period were \$228,911.

RIVER FOREST 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)	(Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	(Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,945,185	\$ 2,291,674	\$ (346,489)	85%	\$ 1,844,346	(19%)
07-01-07	2,231,282	2,667,184	(435,902)	84%	1,838,050	(24%)
07-01-08	2,285,056	2,804,113	(519,057)	81%	1,944,499	(27%)

RIVER FOREST 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

	Transportation Operating	Special Education Preschool	Rainy Day	Levy Excess	Gifted and Talented 00-01	Non-English Speaking Program
Receipts:						
Local sources	\$ 517,850	\$ 2,544	\$ -	\$ -	\$ -	\$ -
State sources	-	42,628	-	-	-	41,360
Federal sources	-	-	-	-	-	-
Temporary loans	220,000	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	737,850	45,172	-	-	-	41,360
Disbursements:						
Current:						
Instruction	-	-	-	-	7,629	41,514
Support services	497,299	36	16,580	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	74,782	-	-	-
Debt services	184,000	-	-	-	-	-
Nonprogrammed charges	-	27,500	-	-	-	-
Total disbursements	681,299	27,536	91,362	-	7,629	41,514
Excess (deficiency) of receipts over disbursements	56,551	17,636	(91,362)	-	(7,629)	(154)
Other financing sources (uses):						
Transfers in	27,029	150	-	-	1,050	-
Transfers out	-	-	-	(169,905)	(66)	-
Total other financing sources (uses)	27,029	150	-	(169,905)	984	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	83,580	17,786	(91,362)	(169,905)	(6,645)	(154)
Cash and investments - beginning	137,424	46,686	111,757	169,905	6,645	950
Cash and investments - ending	\$ 221,004	\$ 64,472	\$ 20,395	\$ -	\$ -	\$ 796
Cash and Investment Assets - Ending						
Cash and investments	\$ 221,004	\$ 64,472	\$ 20,395	\$ -	\$ -	\$ 796
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 221,004	\$ 64,472	\$ 20,395	\$ -	\$ -	\$ 796
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	221,004	64,472	20,395	-	-	796
Total cash and investment fund balance - ending	\$ 221,004	\$ 64,472	\$ 20,395	\$ -	\$ -	\$ 796

RIVER FOREST 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)

	Indiana School Academic Improvement	Gifted and Talented High Ability 07-08	Improving English II Program	NiSource Environmental Challenge	Title I FY 07-08 (4100)	Title I FY 06-07
Receipts:						
Local sources	\$ -	\$ 972	\$ -	\$ -	\$ -	\$ -
State sources	-	31,691	-	-	-	-
Federal sources	-	-	-	-	434,699	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	32,663	-	-	434,699	-
Disbursements:						
Current:						
Instruction	3,345	31,613	2,005	-	249,335	51,453
Support services	-	-	-	-	44,917	136
Noninstructional services	-	-	-	-	1,665	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,345	31,613	2,005	-	295,917	51,589
Excess (deficiency) of receipts over disbursements	(3,345)	1,050	(2,005)	-	138,782	(51,589)
Other financing sources (uses):						
Transfers in	-	-	-	-	47,443	-
Transfers out	-	(1,050)	-	-	-	(53,701)
Total other financing sources (uses)	-	(1,050)	-	-	47,443	(53,701)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,345)	-	(2,005)	-	186,225	(105,290)
Cash and investments - beginning	5,920	-	9,566	2,681	-	105,290
Cash and investments - ending	<u>\$ 2,575</u>	<u>\$ -</u>	<u>\$ 7,561</u>	<u>\$ 2,681</u>	<u>\$ 186,225</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 2,575	\$ -	\$ 7,561	\$ 2,681	\$ 186,225	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,575</u>	<u>\$ -</u>	<u>\$ 7,561</u>	<u>\$ 2,681</u>	<u>\$ 186,225</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	2,575	-	7,561	2,681	186,225	-
Total cash and investment fund balance - ending	<u>\$ 2,575</u>	<u>\$ -</u>	<u>\$ 7,561</u>	<u>\$ 2,681</u>	<u>\$ 186,225</u>	<u>\$ -</u>

RIVER FOREST 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 FY 07-08 (416)	Title VI Library FY 03	Innovative Education Program	Title V Library Grant FY 07-08	Drug Free Schools FY 04-06	Drug Free Schools FY 05-07
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	97,690	2,829	-	2,744	-	-
Temporary loans	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	97,690	2,829	-	2,744	-	-
Disbursements:						
Current:						
Instruction	87,606	-	-	-	1,003	7,377
Support services	15,522	-	1,177	2,744	-	-
Noninstructional services	820	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	103,948	-	1,177	2,744	1,003	7,377
Excess (deficiency) of receipts over disbursements	(6,258)	2,829	(1,177)	-	(1,003)	(7,377)
Other financing sources (uses):						
Transfers in	53,701	-	-	-	-	-
Transfers out	(47,443)	-	-	-	-	-
Total other financing sources (uses)	6,258	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,829	(1,177)	-	(1,003)	(7,377)
Cash and investments - beginning	-	-	1,177	-	1,003	7,377
Cash and investments - ending	\$ -	\$ 2,829	\$ -	\$ -	\$ -	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 2,829	\$ -	\$ -	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,829	\$ -	\$ -	\$ -	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,829	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ 2,829	\$ -	\$ -	\$ -	\$ -

RIVER FOREST 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 Schools FY 06-08	Improving Teacher Quality NCLB	Improving Teacher Quality Enhancing	English Language Acquisition and Enhancement	Retirement/ Severance Bond	Capital Projects
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 58,523	\$ 611,161
State sources	-	-	-	-	-	-
Federal sources	8,016	107,550	-	49,432	-	-
Temporary loans	-	-	-	-	-	240,000
Interfund loans	-	-	-	-	20,000	110,000
Total receipts	8,016	107,550	-	49,432	78,523	961,161
Disbursements:						
Current:						
Instruction	3,920	102,168	4,744	988	-	-
Support services	-	-	1,582	49,114	-	751,290
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	137,441
Debt services	-	-	-	-	48,824	270,000
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	3,920	102,168	6,326	50,102	48,824	1,158,731
Excess (deficiency) of receipts over disbursements	4,096	5,382	(6,326)	(670)	29,699	(197,570)
Other financing sources (uses):						
Transfers in	-	-	-	-	2,789	32,028
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,789	32,028
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,096	5,382	(6,326)	(670)	32,488	(165,542)
Cash and investments - beginning	-	6,062	6,326	1,146	(25,930)	170,604
Cash and investments - ending	\$ 4,096	\$ 11,444	\$ -	\$ 476	\$ 6,558	\$ 5,062
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 4,096	\$ 11,444	\$ -	\$ 476	\$ -	\$ 5,062
Restricted assets:						
Cash and investments	-	-	-	-	6,558	-
Total cash and investment assets - ending	\$ 4,096	\$ 11,444	\$ -	\$ 476	\$ 6,558	\$ 5,062
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 6,558	\$ -
Unrestricted	4,096	11,444	-	476	-	5,062
Total cash and investment fund balance - ending	\$ 4,096	\$ 11,444	\$ -	\$ 476	\$ 6,558	\$ 5,062

RIVER FOREST 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)

	School Bus Replacement	Construction On Fire Damage	Veterans Memorial Advancement	Fire	Totals
Receipts:					
Local sources	\$ 2,500	\$ -	\$ 10,419	\$ -	\$ 1,203,969
State sources	-	-	-	-	115,679
Federal sources	-	-	-	-	702,960
Temporary loans	-	-	-	185,000	645,000
Interfund loans	-	-	-	-	130,000
Total receipts	<u>2,500</u>	<u>-</u>	<u>10,419</u>	<u>185,000</u>	<u>2,797,608</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	594,700
Support services	-	-	-	-	1,380,397
Noninstructional services	-	-	-	-	2,485
Facilities acquisition and construction	-	254,863	18,550	185,000	670,636
Debt services	-	-	-	-	502,824
Nonprogrammed charges	-	-	-	-	27,500
Total disbursements	<u>-</u>	<u>254,863</u>	<u>18,550</u>	<u>185,000</u>	<u>3,178,542</u>
Excess (deficiency) of receipts over disbursements	<u>2,500</u>	<u>(254,863)</u>	<u>(8,131)</u>	<u>-</u>	<u>(380,934)</u>
Other financing sources (uses):					
Transfers in	4,527	-	-	-	168,717
Transfers out	-	-	-	-	(272,165)
Total other financing sources (uses)	<u>4,527</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,448)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,027	(254,863)	(8,131)	-	(484,382)
Cash and investments - beginning	81,846	254,863	8,131	-	1,109,429
Cash and investments - ending	<u>\$ 88,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,047</u>
Cash and Investment Assets - Ending					
Cash and investments	\$ 88,873	\$ -	\$ -	\$ -	\$ 618,489
Restricted assets:					
Cash and investments	-	-	-	-	6,558
Total cash and investment assets - ending	<u>\$ 88,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,047</u>
Cash and Investment Fund Balance - Ending					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 6,558
Unrestricted	88,873	-	-	-	618,489
Total cash and investment fund balance - ending	<u>\$ 88,873</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 625,047</u>

RIVER FOREST 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, 2009

	Transportation Operating	Special Education Preschool	Rainy Day	Non-English Speaking Program	Indiana School Academic Improvement	Gifted and Talented High Ability 07-08	Improving English II Program
Receipts:							
Local sources	\$ 517,922	\$ 2,471	\$ -	\$ 44	\$ -	\$ -	\$ -
State sources	-	41,799	-	48,569	-	31,691	-
Federal sources	-	-	-	-	-	-	-
Total receipts	<u>517,922</u>	<u>44,270</u>	<u>-</u>	<u>48,613</u>	<u>-</u>	<u>31,691</u>	<u>-</u>
Disbursements:							
Current:							
Instruction	-	-	-	48,953	2,575	26,318	2,065
Support services	549,728	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	8,400	-	-	-	-	-	-
Debt services	220,000	-	-	-	-	-	-
Nonprogrammed charges	-	81,250	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	<u>778,128</u>	<u>81,250</u>	<u>-</u>	<u>48,953</u>	<u>2,575</u>	<u>26,318</u>	<u>2,065</u>
Excess (deficiency) of receipts over disbursements	<u>(260,206)</u>	<u>(36,980)</u>	<u>-</u>	<u>(340)</u>	<u>(2,575)</u>	<u>5,373</u>	<u>(2,065)</u>
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(260,206)</u>	<u>(36,980)</u>	<u>-</u>	<u>(340)</u>	<u>(2,575)</u>	<u>5,373</u>	<u>(2,065)</u>
Cash and investments - beginning	<u>221,004</u>	<u>64,472</u>	<u>20,395</u>	<u>796</u>	<u>2,575</u>	<u>-</u>	<u>7,561</u>
Cash and investments - ending	<u>\$ (39,202)</u>	<u>\$ 27,492</u>	<u>\$ 20,395</u>	<u>\$ 456</u>	<u>\$ -</u>	<u>\$ 5,373</u>	<u>\$ 5,496</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ (39,202)</u>	<u>\$ 27,492</u>	<u>\$ 20,395</u>	<u>\$ 456</u>	<u>\$ -</u>	<u>\$ 5,373</u>	<u>\$ 5,496</u>
Total cash and investment assets - ending	<u>\$ (39,202)</u>	<u>\$ 27,492</u>	<u>\$ 20,395</u>	<u>\$ 456</u>	<u>\$ -</u>	<u>\$ 5,373</u>	<u>\$ 5,496</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>(39,202)</u>	<u>27,492</u>	<u>20,395</u>	<u>456</u>	<u>-</u>	<u>5,373</u>	<u>5,496</u>
Total cash and investment fund balance - ending	<u>\$ (39,202)</u>	<u>\$ 27,492</u>	<u>\$ 20,395</u>	<u>\$ 456</u>	<u>\$ -</u>	<u>\$ 5,373</u>	<u>\$ 5,496</u>

RIVER FOREST 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, 2009
 (Continued)

	NiSource Environmental Challenge	Title I FY 07-08 (4100)	Title VI Library FY 03	Drug Free Schools FY 07-09	Drug Free Schools FY 06-08	Improving Teacher Quality NCLB
Receipts:						
Local sources	\$ 894	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	746,325	-	10,322	-	95,512
Total receipts	894	746,325	-	10,322	-	95,512
Disbursements:						
Current:						
Instruction	-	731,822	-	4,395	2,696	103,973
Support services	2,351	152,789	-	-	1,400	-
Noninstructional services	-	4,100	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	2,351	888,711	-	4,395	4,096	103,973
Excess (deficiency) of receipts over disbursements	(1,457)	(142,386)	-	5,927	(4,096)	(8,461)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,457)	(142,386)	-	5,927	(4,096)	(8,461)
Cash and investments - beginning	2,681	186,225	2,829	-	4,096	11,444
Cash and investments - ending	\$ 1,224	\$ 43,839	\$ 2,829	\$ 5,927	\$ -	\$ 2,983
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,224	\$ 43,839	\$ 2,829	\$ 5,927	\$ -	\$ 2,983
Total cash and investment assets - ending	\$ 1,224	\$ 43,839	\$ 2,829	\$ 5,927	\$ -	\$ 2,983
Cash and Investment Fund Balance - Ending						
Unrestricted	1,224	43,839	2,829	5,927	-	2,983
Total cash and investment fund balance - ending	\$ 1,224	\$ 43,839	\$ 2,829	\$ 5,927	\$ -	\$ 2,983

RIVER FOREST 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, 2009
 (Continued)

	English Language Acquisition and Enhancement	Retirement/ Severance Bond	Capital Projects	School Bus Replacement	Proceeds From Sale of Administration Building	Totals
Receipts:						
Local sources	\$ -	\$ 55,475	\$ 570,041	\$ 68,054	\$ -	\$ 1,214,901
State sources	-	-	-	-	-	122,059
Federal sources	38,250	-	-	-	-	890,409
Total receipts	38,250	55,475	570,041	68,054	-	2,227,369
Disbursements:						
Current:						
Instruction	-	-	-	-	-	922,797
Support services	38,726	-	451,344	163,192	-	1,359,530
Noninstructional services	-	-	-	-	-	4,100
Facilities acquisition and construction	-	-	112,118	-	-	120,518
Debt services	-	47,703	240,000	-	-	507,703
Nonprogrammed charges	-	-	-	-	-	81,250
Interfund loans	-	20,000	110,000	-	-	130,000
Total disbursements	38,726	67,703	913,462	163,192	-	3,125,898
Excess (deficiency) of receipts over disbursements	(476)	(12,228)	(343,421)	(95,138)	-	(898,529)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	122,256	122,256
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(476)	(12,228)	(343,421)	(95,138)	122,256	(776,273)
Cash and investments - beginning	476	6,558	5,062	88,873	-	625,047
Cash and investments - ending	\$ -	\$ (5,670)	\$ (338,359)	\$ (6,265)	\$ 122,256	\$ (151,226)
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ (5,670)	\$ (338,359)	\$ (6,265)	\$ 122,256	\$ (151,226)
Total cash and investment assets - ending	\$ -	\$ (5,670)	\$ (338,359)	\$ (6,265)	\$ 122,256	\$ (151,226)
Cash and Investment Fund Balance - Ending						
Unrestricted	-	(5,670)	(338,359)	(6,265)	122,256	(151,226)
Total cash and investment fund balance - ending	\$ -	\$ (5,670)	\$ (338,359)	\$ (6,265)	\$ 122,256	\$ (151,226)

RIVER FOREST 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

	<u>Donations Gifts and Bequests</u>	<u>Hobart Township Building</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ 150	\$ -	\$ 150
Deductions:			
Administrative and general	<u>5,102</u>	<u>-</u>	<u>5,102</u>
Excess (deficiency) of total additions over total deductions	(4,952)	-	(4,952)
Cash and investment fund balance - beginning	<u>7,679</u>	<u>3,890</u>	<u>11,569</u>
Cash and investments - June 30	<u>\$ 2,727</u>	<u>\$ 3,890</u>	<u>\$ 6,617</u>
Net assets:			
Cash and investments	\$ 2,727	\$ 3,890	\$ 6,617
Total net assets - cash and investment basis held in trust	<u>\$ 2,727</u>	<u>\$ 3,890</u>	<u>\$ 6,617</u>

RIVER FOREST 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, 2009

	<u>Donations Gifts and Bequests</u>	<u>Hobart Township Building</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ 625	\$ -	\$ 625
Deductions:			
Administrative and general	<u>735</u>	<u>20</u>	<u>755</u>
Excess (deficiency) of total additions over total deductions	(110)	(20)	(130)
Cash and investment fund balance - beginning	<u>2,727</u>	<u>3,890</u>	<u>6,617</u>
Cash and investments - June 30	<u>\$ 2,617</u>	<u>\$ 3,870</u>	<u>\$ 6,487</u>
Net assets:			
Cash and investments	\$ 2,617	\$ 3,870	\$ 6,487
Total net assets - cash and investment basis held in trust	<u>\$ 2,617</u>	<u>\$ 3,870</u>	<u>\$ 6,487</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2008

	<u>Clearing</u>	<u>Prepaid Food</u>	<u>Fringe Benefit Clearing</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 2,461,142	\$ 63,286	\$ 12,006	\$ 2,536,434
Deductions:				
Agency fund deductions	<u>2,484,362</u>	<u>45,346</u>	<u>12,006</u>	<u>2,541,714</u>
Excess (deficiency) of total additions over total deductions	(23,220)	17,940	-	(5,280)
Cash and investment fund balance - beginning	<u>89,144</u>	<u>-</u>	<u>-</u>	<u>89,144</u>
Cash and investment fund balance - ending	<u>\$ 65,924</u>	<u>\$ 17,940</u>	<u>\$ -</u>	<u>\$ 83,864</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

	<u>Clearing</u>	<u>Prepaid Food</u>	<u>Fringe Benefit Clearing</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 2,580,785	\$ 104,512	\$ 15,553	\$ 2,700,850
Deductions:				
Agency fund deductions	<u>2,582,610</u>	<u>121,962</u>	<u>15,553</u>	<u>2,720,125</u>
Excess (deficiency) of total additions over total deductions	(1,825)	(17,450)	-	(19,275)
Cash and investment fund balance - beginning	<u>65,924</u>	<u>17,940</u>	<u>-</u>	<u>83,864</u>
Cash and investment fund balance - ending	<u>\$ 64,099</u>	<u>\$ 490</u>	<u>\$ -</u>	<u>\$ 64,589</u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2009

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:		
Energy savings	\$ 511,658	\$ 108,477
Meister school building	975,000	102,000
Computers	173,903	131,150
Notes and loans payable:		
Common School Loans	16,582,750	1,568,391
Veteran's Loans	631,589	51,197
Vehicle Loan	23,630	9,999
Bonds payable:		
General obligation bonds:		
Pension bonds	<u>330,000</u>	<u>46,483</u>
Total governmental activities debt	<u><u>\$ 19,228,530</u></u>	<u><u>\$ 2,017,697</u></u>

RIVER FOREST COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

REVIEW OF BANK RECONCILEMENTS

The School Corporation is not able to separate incompatible activities related to all areas of the financial statements; and, reviews were not performed to assist in reducing the risks of error and/or fraud of the financial statements. Specifically, the School Corporation Treasurer performs various accounting functions related to receiving, disbursing, and recording financial transactions. She also reconciles the bank account balance to the financial report balance. Currently, no one reviews the bank reconcilements or compares the financial report balances to the reconciled bank balances prepared by the School Corporation Treasurer.

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

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

LACK OF RECONCILEMENT OF STUDENT ACCOUNT BALANCES

The School Corporation uses computer software to account for school lunch revenues, and students can prepay for meals and maintain account balances. The School Corporation has established an Agency Fund (Prepaid Lunch) to account for the prepayments,. A report can be generated from the system which will list every student who has an account and the related balances. The report can then be used to compare to the balance held in the Prepaid Lunch Fund to ensure proper accountability over the amounts prepaid. To date, no such comparison has been made by School Officials.

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

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

RIVER FOREST COMMUNITY SCHOOL CORPORATION
 AUDIT RESULTS AND COMMENTS
 (Continued)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The graduation programs presented for the graduating class of 2006 showed twelve (12) students received honors diplomas. Thirteen (13) students were reported on Form Number 30A, Report of Average Daily Membership (ADM) for Honors Diplomas.

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

OVERDRAWN CASH AND INVESTMENT BALANCES

The cash and investment (fund) balances of the following funds were overdrawn as of June 30, 2009:

Fund	June 30, 2009
Transportation Operating	\$ 39,202
Retirement/Severance Bond	5,670
Capital Projects	338,359
School Bus Replacement	6,265

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

NONUSE OF RECEIPT FORM SA-3 (Applies to River Forest Junior/Senior High School)

Receipt Form SA-3 was not always used when monies were remitted to the Extra-Curricular Treasurer. Proper receipt forms to support amounts deposited or recorded were not presented for audit. As a result, full accountability for all monies received could not be established. Instances noted were for collections remitted to the School Corporation.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

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 RIVER FOREST COMMUNITY
SCHOOL CORPORATION, LAKE COUNTY, INDIANA

Compliance

We have audited the compliance of the River Forest 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, 2008 and 2009. 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, 2008 and 2009. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as Finding Number 2009-3.

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 federal program in order to determine our auditing procedures for the purpose of expressing our opinion

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)

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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in Finding Number 2009-3 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. However, we believe that none of the significant deficiencies described above is a material weakness.

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

This report is intended solely for the information and use of the School Corporation's management, school board, 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 1, 2010

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 137,855	\$ 134,660
National School Lunch Program	10.555		420,719	456,393
Summer Food Service Program for Children	10.559		-	32,073
			<u>558,574</u>	<u>623,126</u>
Total for cluster				
Child and Adult Care Food Program	10.558		8,619	6,607
Fresh Fruit and Vegetable Program	10.582		47,176	-
			<u>614,369</u>	<u>629,733</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
07-4590			105,290	-
08-4590			447,308	186,225
09-4590			-	710,719
			<u>552,598</u>	<u>896,944</u>
Total for cluster				
State Fiscal Stabilization Fund Cluster	84.394			
ARRA - State Fiscal Stabilization Fund (SFSF)				
- Education State Grants			-	321,176
Safe and Drug Free Schools and Communities - State Grants	84.186			
04-180			1,003	-
05-263			7,377	-
4590-06			3,920	4,096
4590-07			-	4,395
			<u>12,300</u>	<u>8,491</u>
Total for program				
State Grants For Innovative Programs	84.298			
05-074			1,177	-
06-4590			2,744	-
07-4590			-	-
			<u>3,921</u>	<u>-</u>
Total for program				
Education Technology State Grants	84.318			
SY2005-2007			6,326	-
			<u>6,326</u>	<u>-</u>
English Language Acquisition Grants	84.365			
07-08			50,103	-
08-09			-	38,726
			<u>50,103</u>	<u>38,726</u>
Total for program				
Improving Teacher Quality State Grants	84.367			
07-4590			102,168	103,973
			<u>102,168</u>	<u>103,973</u>
Total for federal grantor agency			<u>727,416</u>	<u>1,369,310</u>
Total federal awards expended			<u>\$ 1,341,785</u>	<u>\$ 1,999,043</u>

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

RIVER FOREST 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 River Forest 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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>2008</u>	<u>2009</u>
School Breakfast Program	10.553	\$ 10,044	\$ 9,417
National School Lunch Program	10.555	35,100	31,916

III. Subsequent Event

Federal Financial Assistance – ARRA

The School Corporation was awarded American Recovery and Reinvestment Act (ARRA) funds for Title I in the amount of \$302,340. As of December 31, 2009, the School Corporation received \$99,340 of the awarded amount leaving a balance yet to receive of \$203,000.

RIVER FOREST 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?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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?	yes

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? yes

Identification of Major Programs:

Name of Federal Program or Cluster

Child Nutrition Cluster
Title I, Part A Cluster
State Fiscal Stabilization Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

FINDING 2009-1, REVIEW OF BANK RECONCILEMENTS

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The School Corporation is not able to separate incompatible activities related to all areas of the financial statements; however, reviews can be performed to assist in reducing the risks of error and/or fraud of the financial statements. These reviews have not been put into place. Specifically, the School Corporation Treasurer performs various accounting functions related to receiving, disbursing, and recording financial transactions. She also reconciles the bank account balance to the financial report balance. Currently, no one reviews the bank reconcilements or compares the financial report balances to the reconciled bank balances prepared by the School Corporation Treasurer.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

We recommended that the School Corporation Treasurer present the ledger activity and reconciled bank balances to the Superintendent, the School Board, or one of their designees to review and certify that accuracy, completeness, and timely performance.

FINDING 2009-2, LACK FOR RECONCILEMENT OF STUDENT ACCOUNT BALANCES

The School Corporation uses computer software to account for school lunch revenues and students can prepay for meals and maintain account balances. The School Corporation has established an Agency Fund (Prepaid Lunch) to account for the prepayments. A report can be generated from the system which will list every student who has an account and the related balances. The report can then be used to compare to the balance held in the Prepaid Lunch Fund to ensure proper accountability over the amounts prepaid. To date, no such comparison has been made by School Officials.

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

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making.

We recommended that the Food Service Director print the report of student account balances on a monthly basis. Then, she and the School Corporation Treasurer should reconcile the total of the student account balances to the Prepaid Lunch Fund Balance.

Section III – Federal Award Findings and Questioned Costs

FINDING NUMBER 2009-3, LATE REPORTING - SCHOOL LUNCH REPORTS

Federal Agency: U.S. Department of Education
Pass-Through Agency: Indiana Department of Education
Federal Program: Child Nutrition Cluster
CFDA Numbers: 10.553, 10.555, and 10.559

The Indiana Department of Education requires School Corporations to submit their "Monthly Claim for Reimbursement" report by the 10th day of the following month.

RIVER FOREST COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Seven of the Monthly Claim for Reimbursement reports for the school year ended June 30, 2008, were between 1 and 16 days late. Two of the reports for the school year ended June 30, 2009, were 5 and 7 days late which then caused delays in receiving reimbursements. Additionally, for the school year ended June 30, 2009, two reports originally submitted timely were subsequently revised due to errors made in reporting the After School Snack counts. The revised reports were then submitted after the due date. The Food Service Director indicated that not all counts were remitted to her in a timely fashion, which necessitated the revisions to the report counts. Due to these problems, the Food Service Director has revised the system for remitting the after school snack counts.

Officials need to have internal controls in place to ensure that proper and timely reports are being submitted to the State, which would result in the expedition of funds the School Corporation needs for the School Lunch Program.

7CFR210.8 states in part:

"(b) Monthly claims. To be entitled to reimbursement under this part, each school food authority shall submit to the State agency, a monthly Claim for Reimbursement, as described in paragraph (c) of this section.

- (1) Submission timeframes. A final Claim for Reimbursement shall be postmarked or submitted to the State agency not later than 60 days following the last day of the full month covered by the claim. State agencies may establish shorter deadlines at their discretion. Claims not postmarked and/or submitted within 60 days shall not be paid with Program funds unless otherwise authorized by FNS."

We recommended that School Officials use calendars to note due dates of reports, and that they implement a new system for documenting after school snack counts so that the reports can be submitted timely and revisions be eliminated.

River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

(03/06)FORM 14a

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2007-2 Cash Management

Original SBA Audit Report Number: B31730

Fiscal Year: July 1, 2005 to June 30, 2007

Auditee Contact Person: Brenda McCormack

Title Of Contact Person: Treasurer

Phone Number: 219-962-2909

Status of Finding:

The treasurer has tried to monitor the Title One Cash Management in a timely manner, however in 2008 the treasurer became ill and was unable to monitor this Title One Program in the manner in which it needed to be. Title One has a director and a staff that completes the grant application and the cash request form. The treasurer has not been made aware when purchases are to be made for supplies and equipment. The treasurer has given salary and benefit information to the Title One director and staff for completion of the Cash Request form.

I felt that we have been more on track with the cash balances with the exception of the early months of 2008. At that time we were expecting to purchase /lease computers for the Title One schools, and the School Corporation had a difficult time making a decision on the kind of computers to purchase. During that time we had quite an excess of cash.

In the upcoming school year of 2009-10, we have added additional staff for our Title program to bring us up to 6 teachers and 9 paraprofessionals. I have looked at our cash balances for the current year and find that we are well within the limits required by law.

Brenda McCormack

-51- 12-17-2009

River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

(03/06)FORM 14a

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Finding Number 2007-3 Reporting

Original SBA Audit Report Number: B31730

Fiscal Year: July 1, 2005 to June 30, 2007

Auditee Contact Person: Brenda McCormack

Title Of Contact Person: Treasurer

Phone Number: 219-962-2909

Status of Finding:

The River Forest Community School Corporation has purchased a Point of Sale (POS) system for our Cafeteria lunch program. All cafeteria managers have been trained on the system. The Food Service Director has been monitoring the program and sends monthly reports to the Central Office. We have tried to do a better job of monitoring the program on all aspects, but specifically, at Evans Elementary School. In addition, the manager of Evans Elementary has stepped down as manager and a new manager is in place beginning the 2009-10 school year.

Brenda McCormack

12-17-2009

**River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909**

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

February 1, 2010

State Board of Accounts
302 W Washington St. Room E-418
Indianapolis, IN 46204

RE: Corrective Action Plan

Dear Sir:

In response to Finding Number 2009-1 Review of Bank Reconcilements

The Corporation Treasurer will have the Superintendent or the Assistant Superintendent review the Bank reconciliation and the Fund ledgers at the end of each month. The Superintendent or the Assistant Superintendent will initial the reconciliation, so that the State Board of Accounts will know that someone has reviewed it when auditing. The Treasurer currently gives the Superintendent a monthly accounting of the funds.

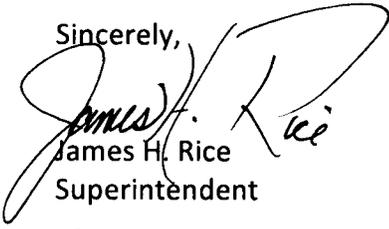
In response to Finding Number 2009-2 Lack for Reconcilement of Student Account Balances

The Food Service Director will print a report of student account balances on a monthly basis and send to the Corporation Treasurer for reconcilement purposes. In addition, the program for the School Lunch Account (Meal Tracker) will be added to the Corporation Treasurer's computer, so that she may keep better track of the prepaid account. The School Lunch Program will be upgraded soon to a web based product for easier access to accounts.

In response to Finding Number 2009-3 Late reporting – School Lunch Reports.

The Food Service Director will submit the Monthly Claim for Reimbursement by the 10th of each month. She will also send a copy of this report to the Corporation Treasurer as soon as the report is complete.

Sincerely,



James H. Rice
Superintendent

2/1/2010



Brenda McCormack
Brenda McCormack
Treasurer

2/1/2010

RIVER FOREST COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 1, 2010, with Brenda McCormack, Treasurer; Dr. James Rice, Superintendent of Schools; and Richard Arnold, President of the School Board. The official response has been made a part of this report and may be found on pages 56 and 57.

River Forest Community School Corporation
Financial Office
3250 Michigan Street
Hobart, IN 46342
219-962-2909

Brenda McCormack, Treasurer
Debbie Pavloff, Accts Payable / Payroll

February 1, 2010

Mr. Bruce Hartman
State Examiner
302 W. Washington St. Room E-418
Indianapolis, IN 46204-2765

Dear Mr. Hartman,

In response to our Exit Audit Conference held on Monday, February 1, 2010. I would like to add the following comments to the preliminary report:

1. Review of Bank Reconcilements:

The Corporation Treasurer reconciles the bank statement at the end of each month. We can see where there may be an issue with internal controls, so we have addressed the issue. Beginning with the December 2009 bank reconciliation, the superintendent or his designee will approve the bank reconciliation with the fund ledger.

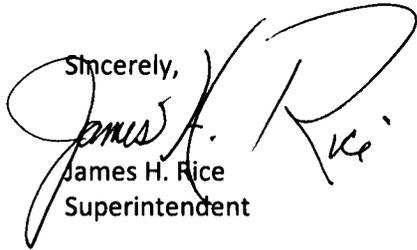
2. Lack of Reconciliation of Student Account Balances

The School Corporation installed a new Point of Sales System in late 2007. The Food Service Director has been getting familiar with reports that can be printed off of the system. She did not realize that she could print a report to balance with the Corporation Treasurer for the prepaid lunch accounts. Beginning in January, 2010, the treasurer and the Food Service Director will balance the Prepaid accounts with the Point of Sales system.

3. Late Reporting – School Lunch Reports

The Food Service Director was getting used to the new system for Food Service and was late a few times on getting her monthly reimbursement report to the state. Part of the problem was she was revising the reports after the 10th of the month because all of the information for after school snacks was not made available to her in a timely manner. She has since corrected the problem and will submit her reports by the 10th of each month and if any revisions need to be made, these will also be made before the 10th of the month. She will also notify the Corporation Treasurer when she has filed the claim.

Thank you for your audit review.

Sincerely,

James H. Rice
Superintendent

JHR/bm

Pc: Brenda McCormack
Richard Arnold