

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

AUDIT REPORT
OF
ROCHESTER COMMUNITY SCHOOL CORPORATION
FULTON COUNTY, INDIANA
July 1, 2008 to June 30, 2010



FILED

01/10/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John Schneider	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Debra Howe	07-01-08 to 06-30-11
President of the School Board	Jim Dillinger James E. Straeter	01-01-08 to 12-31-08 01-01-09 to 12-31-10



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

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

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, 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, 2009 and 2010, 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 December 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 integral part of 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 School Corporation has not presented Management's Discussion and Analysis, Budgetary Comparison Schedules Schedule of Contributions From the Employer and Other Contributing entities, or Schedules of Funding Progress that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

December 1, 2010



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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Rochester Community School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 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 deficiency described in Finding 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency 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 item 2010-1 to be a material weakness.

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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-2, 2010-3 and 2010-4.

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

This report is intended solely for the information and use of the School Corporation's management, the School Board of Trustees 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

December 1, 2010

ROCHESTER 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>
		Charges for Services	Operating Grants and Contributions	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,494,876	\$ -	\$ 237,534	\$ (7,257,342)
Support services	5,978,846	619,632	480,875	(4,878,339)
Noninstructional services	918,539	-	-	(918,539)
Facilities acquisition and construction	866,143	-	-	(866,143)
Debt service	5,805,102	-	-	(5,805,102)
Nonprogrammed charges	1,170,601	-	-	(1,170,601)
Total governmental activities	<u>\$ 22,234,107</u>	<u>\$ 619,632</u>	<u>\$ 718,409</u>	<u>(20,896,066)</u>
General receipts:				
Property taxes				7,429,893
Other local sources				1,096,422
State aid				7,652,960
Bonds and loans				375,723
Grants and contributions not restricted to specific programs				1,705,592
Sale of property				3,652
Investment earnings				57,688
Other				30,791
Total general receipts				<u>18,352,721</u>
Change in net assets				(2,543,345)
Net assets - beginning				<u>5,180,513</u>
Net assets - ending				<u>\$ 2,637,168</u>
<u>Assets</u>				
Cash and investments				<u>\$ 2,637,168</u>
Total assets				<u>\$ 2,637,168</u>
<u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 102,684
Unrestricted				<u>2,534,484</u>
Total net assets				<u>\$ 2,637,168</u>

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<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	\$ 7,616,915	\$ -	\$ 236,832	\$ (7,380,083)
Support services	6,450,866	512,286	554,975	(5,383,605)
Noninstructional services	940,509	-	-	(940,509)
Facilities acquisition and construction	1,005,561	-	-	(1,005,561)
Debt service	2,210,511	-	-	(2,210,511)
Nonprogrammed charges	<u>1,327,687</u>	<u>-</u>	<u>-</u>	<u>(1,327,687)</u>
Total governmental activities	<u>\$ 19,552,049</u>	<u>\$ 512,286</u>	<u>\$ 791,807</u>	<u>(18,247,956)</u>
General receipts:				
Property taxes				6,073,313
Other local sources				1,442,790
State aid				10,929,180
Bonds and loans				1,926,736
Grants and contributions not restricted to specific programs				1,542,318
Sale of property				4,375
Investment earnings				19,207
Other				<u>23,210</u>
Total general receipts				<u>21,961,129</u>
Change in net assets				3,713,173
Net assets - beginning				<u>2,637,168</u>
Net assets - ending				<u>\$ 6,350,341</u>
<u>Assets</u>				
Cash and investments				\$ 5,176,788
Restricted assets:				
Cash and investments				<u>1,173,553</u>
Total assets				<u>\$ 6,350,341</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 1,116,784
Other purposes				56,769
Unrestricted				<u>5,176,788</u>
Total net assets				<u>\$ 6,350,341</u>

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

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

	General	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction	Repair and Replacement	Other	Totals
Receipts:									
Local sources	\$ 4,400,007	\$ 427,632	\$ 1,651,465	\$ 1,641,181	\$ 123,308	\$ -	\$ -	\$ 952,331	\$ 9,195,924
Intermediate sources	445	-	-	-	-	-	-	7,256	7,701
State sources	7,855,395	11,157	-	-	-	-	-	244,422	8,110,974
Federal sources	7,378	439,424	-	-	-	-	-	1,540,764	1,987,566
Interfund loans	-	-	4,199	-	-	-	-	173,501	177,700
Other	2,852	360	-	-	-	-	-	-	3,212
Total receipts	12,266,077	878,573	1,655,664	1,641,181	123,308	-	-	2,918,274	19,483,077
Disbursements:									
Current:									
Instruction	6,343,543	-	-	-	-	-	-	1,147,773	7,491,316
Support services	3,502,324	360	-	1,147,838	-	-	-	1,325,884	5,976,406
Noninstructional services	91,508	816,814	-	-	-	-	-	10,217	918,539
Facilities acquisition and construction	-	-	-	512,138	-	322,355	31,650	-	866,143
Debt services	2,270,000	-	1,912,580	1,049,906	-	-	-	572,616	5,805,102
Nonprogrammed charges	1,187,264	-	-	-	-	-	-	60,485	1,247,749
Interfund loans	-	-	-	-	-	-	177,700	-	177,700
Total disbursements	13,394,639	817,174	1,912,580	2,709,882	-	322,355	209,350	3,116,975	22,482,955
Excess (deficiency) of receipts over disbursements	(1,128,562)	61,399	(256,916)	(1,068,701)	123,308	(322,355)	(209,350)	(198,701)	(2,999,878)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	375,723	-	-	375,723
Sale of capital assets	3,652	-	-	-	-	-	-	-	3,652
Transfers in	-	-	-	-	-	-	-	15,832	15,832
Transfers out	-	-	-	-	-	-	-	(15,832)	(15,832)
Total other financing sources (uses)	3,652	-	-	-	-	375,723	-	-	379,375
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,124,910)	61,399	(256,916)	(1,068,701)	123,308	53,368	(209,350)	(198,701)	(2,620,503)
Cash and investments - beginning	1,957,769	447,810	256,916	1,204,655	213,622	-	598,386	475,829	5,154,987
Cash and investments - ending	\$ 832,859	\$ 509,209	\$ -	\$ 135,954	\$ 336,930	\$ 53,368	\$ 389,036	\$ 277,128	2,534,484
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.									
									102,684
Net assets of governmental activities									<u>\$ 2,637,168</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 832,859	\$ 509,209	\$ -	\$ 135,954	\$ 336,930	\$ 53,368	\$ 389,036	\$ 277,128	\$ 2,534,484
Total cash and investment assets - ending	\$ 832,859	\$ 509,209	\$ -	\$ 135,954	\$ 336,930	\$ 53,368	\$ 389,036	\$ 277,128	\$ 2,534,484
Cash and Investment Fund Balance - Ending									
Restricted for:									
Unrestricted	\$ 832,859	\$ 509,209	\$ -	\$ 135,954	\$ 336,930	\$ 53,368	\$ 389,036	\$ 277,128	\$ 2,534,484
Total cash and investment fund balance - ending	\$ 832,859	\$ 509,209	\$ -	\$ 135,954	\$ 336,930	\$ 53,368	\$ 389,036	\$ 277,128	\$ 2,534,484

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	School Lunch	Debt Service	Capital Projects	School Bus Replacement	Construction	Repair and Replacement	Other	Totals
Receipts:									
Local sources	\$ 639,689	\$ 392,112	\$ 2,984,042	\$ 2,517,621	\$ 128,183	\$ -	\$ -	\$ 1,378,312	\$ 8,039,959
Intermediate sources	446	-	-	-	-	-	-	7,190	7,636
State sources	11,107,099	-	-	-	-	-	-	402,707	11,509,806
Federal sources	7,378	533,362	-	-	-	-	-	1,234,355	1,775,095
Temporary loans	-	-	-	-	-	-	177,700	-	177,700
Other	1,017	360	-	-	-	-	-	238	1,615
Total receipts	11,755,629	925,834	2,984,042	2,517,621	128,183	-	177,700	3,022,802	21,511,811
Disbursements:									
Current:									
Instruction	6,757,153	-	-	-	-	-	-	859,762	7,616,915
Support services	3,717,437	360	-	1,245,080	-	-	-	1,487,989	6,450,866
Noninstructional services	51,242	889,198	-	-	-	-	-	69	940,509
Facilities acquisition and construction	-	-	-	678,672	-	210,357	116,532	-	1,005,561
Debt services	-	-	1,867,337	47,039	-	-	-	296,135	2,210,511
Nonprogrammed charges	1,162,894	-	-	-	-	-	-	118,878	1,281,772
Total disbursements	11,688,726	889,558	1,867,337	1,970,791	-	210,357	116,532	2,762,833	19,506,134
Excess (deficiency) of receipts over disbursements	66,903	36,276	1,116,705	546,830	128,183	(210,357)	61,168	259,969	2,005,677
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	1,749,036	-	-	1,749,036
Sale of capital assets	4,375	-	-	-	-	-	-	-	4,375
Transfers in	132,513	-	-	-	-	-	-	2,262	134,775
Transfers out	-	-	(753)	-	(61,829)	-	-	(72,193)	(134,775)
Total other financing sources (uses)	136,888	-	(753)	-	(61,829)	1,749,036	-	(69,931)	1,753,411
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	203,791	36,276	1,115,952	546,830	66,354	1,538,679	61,168	190,038	3,759,088
Cash and investments - beginning	832,859	509,209	-	135,954	336,930	53,368	389,036	277,128	2,534,484
Cash and investments - ending	<u>\$ 1,036,650</u>	<u>\$ 545,485</u>	<u>\$ 1,115,952</u>	<u>\$ 682,784</u>	<u>\$ 403,284</u>	<u>\$ 1,592,047</u>	<u>\$ 450,204</u>	<u>\$ 467,166</u>	6,293,572
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.									
									56,769
Net assets of governmental activities									<u>\$ 6,350,341</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 1,036,650	\$ 545,485	\$ -	\$ 682,784	\$ 403,284	\$ 1,592,047	\$ 450,204	\$ 466,334	\$ 5,176,788
Restricted assets:									
Cash and investments	-	-	1,115,952	-	-	-	-	832	1,116,784
Total cash and investment assets - ending	<u>\$ 1,036,650</u>	<u>\$ 545,485</u>	<u>\$ 1,115,952</u>	<u>\$ 682,784</u>	<u>\$ 403,284</u>	<u>\$ 1,592,047</u>	<u>\$ 450,204</u>	<u>\$ 467,166</u>	<u>\$ 6,293,572</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ 1,115,952	\$ -	\$ -	\$ -	\$ -	\$ 832	\$ 1,116,784
Unrestricted	1,036,650	545,485	-	682,784	403,284	1,592,047	450,204	466,334	5,176,788
Total cash and investment fund balance - ending	<u>\$ 1,036,650</u>	<u>\$ 545,485</u>	<u>\$ 1,115,952</u>	<u>\$ 682,784</u>	<u>\$ 403,284</u>	<u>\$ 1,592,047</u>	<u>\$ 450,204</u>	<u>\$ 467,166</u>	<u>\$ 6,293,572</u>

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

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

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 244,802
Miscellaneous	10
Total operating receipts	244,812
Operating disbursements:	
Insurance claims and expense	167,654
Total operating disbursements	167,654
Change in net assets	77,158
Cash and investment fund balance - beginning	25,526
Cash and investment fund balance - ending	\$ 102,684
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	\$ 102,684
Total cash and investment assets - ending	\$ 102,684
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	\$ 102,684
Total cash and investment fund balance - ending	\$ 102,684

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
 AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 PROPRIETARY FUNDS
 For the Year Ended June 30, 2010

	Internal Service Fund
Operating receipts:	
Charges for services	\$ 219,577
Total operating receipts	<u>219,577</u>
Operating disbursements:	
Insurance claims and expense	<u>265,492</u>
Total operating disbursements	<u>265,492</u>
Change in net assets	(45,915)
Cash and investment fund balance - beginning	<u>102,684</u>
Cash and investment fund balance - ending	<u>\$ 56,769</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 56,769</u>
Total cash and investment assets - ending	<u>\$ 56,769</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 56,769</u>
Total cash and investment fund balance - ending	<u>\$ 56,769</u>

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

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

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 12,340	
Total contributions	12,340	
Investment earnings:		
Interest	267	
Total investment earnings	267	
Net investment earnings	267	
Total additions	12,607	
Deductions:		
Administrative and general	5,182	
Total deductions	5,182	
Excess (deficiency) of total additions over total deductions	7,425	
Cash and investment fund balance - beginning	14,845	
Cash and investment fund balance - ending	\$ 22,270	\$ 68,210
Net assets:		
Cash and investments	\$ 22,270	\$ 68,210
Total net assets - cash and investment basis held in trust	\$ 22,270	\$ 68,210

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 FIDUCIARY FUNDS
 For the Year Ended June 30, 2010

	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Additions:		
Contributions:		
Other	\$ <u>20,758</u>	
Total contributions	<u>20,758</u>	
Investment earnings:		
Interest	<u>149</u>	
Total investment earnings	<u>149</u>	
Net investment earnings	<u>149</u>	
Total additions	<u>20,907</u>	
Deductions:		
Administrative and general	<u>9,894</u>	
Total deductions	<u>9,894</u>	
Excess (deficiency) of total additions over total deductions	11,013	
Cash and investment fund balance - beginning	<u>22,270</u>	
Cash and investment fund balance - ending	<u>\$ 33,283</u>	<u>\$ 91,780</u>
Net assets:		
Cash and investments	<u>\$ 33,283</u>	<u>\$ 91,780</u>
Total net assets - cash and investment basis held in trust	<u>\$ 33,283</u>	<u>\$ 91,780</u>

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Rochester Community School Corporation

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

Joint Venture

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

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

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The school lunch fund accounts for receipts and disbursements related to the school lunch program.

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

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

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

The construction fund accounts for infrastructure projects and building upgrades.

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

Additionally, the School Corporation reports the following fund types:

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

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

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

C. Measurement Focus and Basis of Accounting

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Normally, 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. 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 may become delinquent if not paid by May 10 and November 10, respectively.

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 a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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."

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, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. 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 funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund 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 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.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

1. 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 except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and 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. Prior to November 1, 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 high-way 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.

B. Cash and Investment Balance Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund	2009	2010
Distance Learning	\$ 2,800	\$ -
Project Lead the Way Workforce Development	1,065	-
Wired Grant	225	-
Textbook Rental	-	40,707
Project Lead the Way Bio-Med	-	2,063
Title I 2007-08	-	6,997
Title II Improvement Teacher Quality	-	41,926
Decatur Grant	-	2,239

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 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. 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, 2009 and 2010, were as follows:

Transfer From	Transfer To	2009	2010
Debt Service Fund	Other Governmental Funds	\$ -	\$ 753
Other Governmental Funds	General Fund	-	70,684
School Bus Replacement Fund	General Fund	-	61,829
Other Governmental Funds	Other Governmental Funds	<u>15,832</u>	<u>1,509</u>
Totals		<u>\$ 15,832</u>	<u>\$ 134,775</u>

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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; a portion of medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties.

Settled claims from risks covered by commercial insurance have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

Medical Benefits to Employees and Dependents

The School Corporation has chosen to establish a risk financing fund for partially financing risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation has purchased commercial insurance with a \$2,500 per person (maximum \$7,500 per family) deductible. The employee is responsible for the first \$250 per person of the deductible, and the School Corporation will cover the remaining deductible less a 10% employee co-pay.

Interfund premiums are paid into the fund by all affected funds and are available to pay claims. Interfund premiums are based upon the insurance carrier's recommendation which is applied to each affected fund and are reported as quasi-external interfund transactions.

B. Holding Corporations

The School Corporation has entered into a capital lease with Rochester Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year totaled \$733,000.

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

a. 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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$81,293.

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

Teachers' Retirement Fund

Plan Description

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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 \$228,549 and \$232,238 for the years ended June 30, 2009 and 2010, respectively.

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	New Tech High Donation	Transportation Operating	Pre-School Special Education	Rainy Day	Textbook Rental	Education License Plate Fees
Receipts:						
Local sources	\$ -	\$ 608,955	\$ 11,179	\$ -	\$ 68,833	\$ -
Intermediate sources	-	-	-	-	-	856
State sources	-	-	56,571	-	57,873	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	56,636	-	-	-	-
Total receipts	-	665,591	67,750	-	126,706	856
Disbursements:						
Current:						
Instruction	26,176	-	72,891	-	-	-
Support services	-	600,703	-	13,479	134,374	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	200,000	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	26,176	800,703	72,891	13,479	134,374	-
Excess (deficiency) of receipts over disbursements	(26,176)	(135,112)	(5,141)	(13,479)	(7,668)	856
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(26,176)	(135,112)	(5,141)	(13,479)	(7,668)	856
Cash and investments - beginning	72,118	135,112	5,141	102,061	57,420	376
Cash and investments - ending	<u>\$ 45,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,582</u>	<u>\$ 49,752</u>	<u>\$ 1,232</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 45,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,582</u>	<u>\$ 49,752</u>	<u>\$ 1,232</u>
Total cash and investment assets - ending	<u>\$ 45,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,582</u>	<u>\$ 49,752</u>	<u>\$ 1,232</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 45,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,582</u>	<u>\$ 49,752</u>	<u>\$ 1,232</u>
Total cash and investment fund balance - ending	<u>\$ 45,942</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 88,582</u>	<u>\$ 49,752</u>	<u>\$ 1,232</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	School Consolidation Study	Early Intervention Grant	Gifted and Talented 2007-08	Non-English Speaking Grant	Technology Workshop	Project Lead the Way Workforce Development
Receipts:						
Local sources	\$ 25,000	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	600
State sources	-	-	33,750	1,349	-	-
Federal sources	-	-	-	-	-	12,985
Interfund loans	-	-	-	-	-	-
Total receipts	25,000	-	33,750	1,349	-	13,585
Disbursements:						
Current:						
Instruction	-	-	-	1,744	-	3,906
Support services	24,594	3,000	20,183	-	161	8,544
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	24,594	3,000	20,183	1,744	161	12,450
Excess (deficiency) of receipts over disbursements	406	(3,000)	13,567	(395)	(161)	1,135
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	406	(3,000)	13,567	(395)	(161)	1,135
Cash and investments - beginning	-	3,000	12,275	1,201	161	(2,200)
Cash and investments - ending	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ (1,065)</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ (1,065)</u>
Total cash and investment assets - ending	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ (1,065)</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ (1,065)</u>
Total cash and investment fund balance - ending	<u>\$ 406</u>	<u>\$ -</u>	<u>\$ 25,842</u>	<u>\$ 806</u>	<u>\$ -</u>	<u>\$ (1,065)</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Project Lead the Way Wired	Wired Grant	Project Lead the Way Bio-Med	Peers Educating Peers	OCRA Distributions	Careers Majors Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	5,800	-	-	-	-	-
State sources	-	50,279	25,000	-	19,600	-
Federal sources	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	5,800	50,279	25,000	-	19,600	-
Disbursements:						
Current:						
Instruction	1,325	1,262	19,941	-	-	-
Support services	4,005	36,764	1,179	-	19,600	274
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	5,330	38,026	21,120	-	19,600	274
Excess (deficiency) of receipts over disbursements	470	12,253	3,880	-	-	(274)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	470	12,253	3,880	-	-	(274)
Cash and investments - beginning	(470)	(12,478)	(3,880)	272	-	10,651
Cash and investments - ending	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 10,377</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 10,377</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 10,377</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 10,377</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ (225)</u>	<u>\$ -</u>	<u>\$ 272</u>	<u>\$ -</u>	<u>\$ 10,377</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Wired-Cim	Title I 2007-08	Title V 2006-07	Drug Free 2008-2009	Drug Free 2006-07	Vocational and Technical Board
Receipts:						
Local sources	\$ -	\$ 1,530	\$ -	\$ -	\$ -	\$ 25,817
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	30,000	426,009	(1,408)	12,854	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	30,000	427,539	(1,408)	12,854	-	25,817
Disbursements:						
Current:						
Instruction	-	442,671	-	-	-	-
Support services	30,000	2,215	-	6,215	-	25,817
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	30,000	444,886	-	6,215	-	25,817
Excess (deficiency) of receipts over disbursements	-	(17,347)	(1,408)	6,639	-	-
Other financing sources (uses):						
Transfers in	-	15,832	-	-	-	-
Transfers out	-	(15,832)	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(17,347)	(1,408)	6,639	-	-
Cash and investments - beginning	-	37,507	4,434	-	491	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ 20,160</u>	<u>\$ 3,026</u>	<u>\$ 6,639</u>	<u>\$ 491</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ 20,160</u>	<u>\$ 3,026</u>	<u>\$ 6,639</u>	<u>\$ 491</u>	<u>\$ -</u>
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 20,160</u>	<u>\$ 3,026</u>	<u>\$ 6,639</u>	<u>\$ 491</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ -</u>	<u>\$ 20,160</u>	<u>\$ 3,026</u>	<u>\$ 6,639</u>	<u>\$ 491</u>	<u>\$ -</u>
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 20,160</u>	<u>\$ 3,026</u>	<u>\$ 6,639</u>	<u>\$ 491</u>	<u>\$ -</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II Improvement Teacher Quality	ARRA Distribution	Retirement/ Severance Bond Debt	Distance Learning	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 211,017	\$ -	\$ 952,331
Intermediate sources	-	-	-	-	7,256
State sources	-	-	-	-	244,422
Federal sources	103,432	956,892	-	-	1,540,764
Interfund loans	-	-	116,865	-	173,501
	<u>103,432</u>	<u>956,892</u>	<u>327,882</u>	<u>-</u>	<u>2,918,274</u>
Disbursements:					
Current:					
Instruction	-	577,857	-	-	1,147,773
Support services	83,644	308,333	-	2,800	1,325,884
Noninstructional services	-	10,217	-	-	10,217
Debt services	-	-	372,616	-	572,616
Nonprogrammed charges	-	60,485	-	-	60,485
	<u>83,644</u>	<u>956,892</u>	<u>372,616</u>	<u>2,800</u>	<u>3,116,975</u>
Excess (deficiency) of receipts over disbursements	<u>19,788</u>	<u>-</u>	<u>(44,734)</u>	<u>(2,800)</u>	<u>(198,701)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	15,832
Transfers out	-	-	-	-	(15,832)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	19,788	-	(44,734)	(2,800)	(198,701)
Cash and investments - beginning	<u>7,903</u>	<u>-</u>	<u>44,734</u>	<u>-</u>	<u>475,829</u>
Cash and investments - ending	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,800)</u>	<u>\$ 277,128</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,800)</u>	<u>\$ 277,128</u>
Total cash and investment assets - ending	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,800)</u>	<u>\$ 277,128</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,800)</u>	<u>\$ 277,128</u>
Total cash and investment fund balance - ending	<u>\$ 27,691</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (2,800)</u>	<u>\$ 277,128</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	New Tech High Donation	Transportation Operating	Pre-School Special Education	Rainy Day	Textbook Rental	Education License Plate Fees
Receipts:						
Local sources	\$ -	\$ 1,073,037	\$ 95	\$ -	\$ 62,789	\$ -
Intermediate sources	-	-	-	-	-	375
State sources	-	-	34,375	-	43,207	-
Federal sources	-	-	-	-	-	-
Other	-	238	-	-	-	-
Total receipts	-	1,073,275	34,470	-	105,996	375
Disbursements:						
Current:						
Instruction	2,712	-	34,470	-	-	-
Support services	-	635,438	-	18,037	197,208	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	56,636	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	2,712	692,074	34,470	18,037	197,208	-
Excess (deficiency) of receipts over disbursements	(2,712)	381,201	-	(18,037)	(91,212)	375
Other financing sources (uses):						
Transfers in	-	-	-	-	753	-
Transfers out	-	(70,684)	-	-	-	-
Total other financing sources (uses)	-	(70,684)	-	-	753	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,712)	310,517	-	(18,037)	(90,459)	375
Cash and investments - beginning	45,942	-	-	88,582	49,752	1,232
Cash and investments - ending	<u>\$ 43,230</u>	<u>\$ 310,517</u>	<u>\$ -</u>	<u>\$ 70,545</u>	<u>\$ (40,707)</u>	<u>\$ 1,607</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 43,230	\$ 310,517	\$ -	\$ 70,545	\$ (40,707)	\$ 1,607
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 43,230</u>	<u>\$ 310,517</u>	<u>\$ -</u>	<u>\$ 70,545</u>	<u>\$ (40,707)</u>	<u>\$ 1,607</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ 43,230	\$ 310,517	\$ -	\$ 70,545	\$ (40,707)	\$ 1,607
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ 43,230</u>	<u>\$ 310,517</u>	<u>\$ -</u>	<u>\$ 70,545</u>	<u>\$ (40,707)</u>	<u>\$ 1,607</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	School Consolidation Study	Gifted and Talented 2007-08	RMS-PBL	Non-English Speaking Grant	Project Lead the Way Workforce Development	Project Lead the Way Wired
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	6,815	-	-	-
State sources	-	56,616	-	2,299	-	-
Federal sources	-	-	-	-	15,000	2,015
Other	-	-	-	-	-	-
Total receipts	-	56,616	6,815	2,299	15,000	2,015
Disbursements:						
Current:						
Instruction	-	30,045	299	235	7,800	951
Support services	406	24,942	1,510	-	7,199	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	406	54,987	1,809	235	14,999	951
Excess (deficiency) of receipts over disbursements	(406)	1,629	5,006	2,064	1	1,064
Other financing sources (uses):						
Transfers in	-	-	-	-	-	(1,064)
Transfers out	-	-	-	-	1,064	-
Total other financing sources (uses)	-	-	-	-	1,064	(1,064)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(406)	1,629	5,006	2,064	1,065	-
Cash and investments - beginning	406	25,842	-	806	(1,065)	-
Cash and investments - ending	\$ -	\$ 27,471	\$ 5,006	\$ 2,870	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 27,471	\$ 5,006	\$ 2,870	\$ -	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 27,471	\$ 5,006	\$ 2,870	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ 27,471	\$ 5,006	\$ 2,870	\$ -	\$ -
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ 27,471	\$ 5,006	\$ 2,870	\$ -	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Wired Grant	Project Lead the Way Bio-Med	Excess PTRC Distribution	Peers Educating Peers	OCRA Distributions	Careers Majors Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	119,412	-	31,688	-	115,110	-
Federal sources	-	18,890	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	119,412	18,890	31,688	-	115,110	-
Disbursements:						
Current:						
Instruction	1,922	-	-	-	-	-
Support services	117,265	20,953	-	-	115,110	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	119,187	20,953	-	-	115,110	-
Excess (deficiency) of receipts over disbursements	225	(2,063)	31,688	-	-	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	225	(2,063)	31,688	-	-	-
Cash and investments - beginning	(225)	-	-	272	-	10,377
Cash and investments - ending	\$ -	\$ (2,063)	\$ 31,688	\$ 272	\$ -	\$ 10,377
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ (2,063)	\$ 31,688	\$ 272	\$ -	\$ 10,377
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ (2,063)	\$ 31,688	\$ 272	\$ -	\$ 10,377
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ (2,063)	\$ 31,688	\$ 272	\$ -	\$ 10,377
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	\$ -	\$ (2,063)	\$ 31,688	\$ 272	\$ -	\$ 10,377

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title I 2007-08	Title V 2006-07	Drug Free 2008-2009	Drug Free 2006-07	Title II Improvement Teacher Quality	ARRA Distribution
Receipts:						
Local sources	\$ 329	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	417,761	-	-	-	72,178	384,147
Other	-	-	-	-	-	-
Total receipts	418,090	-	-	-	72,178	384,147
Disbursements:						
Current:						
Instruction	436,619	-	-	-	-	213,121
Support services	8,559	-	399	491	141,795	52,148
Noninstructional services	69	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	118,878
Total disbursements	445,247	-	399	491	141,795	384,147
Excess (deficiency) of receipts over disbursements	(27,157)	-	(399)	(491)	(69,617)	-
Other financing sources (uses):						
Transfers in	2,573	-	-	-	-	-
Transfers out	(2,573)	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,157)	-	(399)	(491)	(69,617)	-
Cash and investments - beginning	20,160	3,026	6,639	491	27,691	-
Cash and investments - ending	<u>\$ (6,997)</u>	<u>\$ 3,026</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ (41,926)</u>	<u>\$ -</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ (6,997)	\$ 3,026	\$ 6,240	\$ -	\$ (41,926)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ (6,997)</u>	<u>\$ 3,026</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ (41,926)</u>	<u>\$ -</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ (6,997)	\$ 3,026	\$ 6,240	\$ -	\$ (41,926)	\$ -
Unrestricted	-	-	-	-	-	-
Total cash and investment fund balance - ending	<u>\$ (6,997)</u>	<u>\$ 3,026</u>	<u>\$ 6,240</u>	<u>\$ -</u>	<u>\$ (41,926)</u>	<u>\$ -</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title I ARRA	Decatur Grant	Retirement/ Severance Bond Debt	Distance Learning	Totals
Receipts:					
Local sources	\$ 1,731	\$ -	\$ 240,331	\$ -	\$ 1,378,312
Intermediate sources	-	-	-	-	7,190
State sources	-	-	-	-	402,707
Federal sources	164,439	-	-	159,925	1,234,355
Other	-	-	-	-	238
Total receipts	166,170	-	240,331	159,925	3,022,802
Disbursements:					
Current:					
Instruction	131,588	-	-	-	859,762
Support services	3,036	2,239	-	141,254	1,487,989
Noninstructional services	-	-	-	-	69
Debt services	-	-	239,499	-	296,135
Nonprogrammed charges	-	-	-	-	118,878
Total disbursements	134,624	2,239	239,499	141,254	2,762,833
Excess (deficiency) of receipts over disbursements	31,546	(2,239)	832	18,671	259,969
Other financing sources (uses):					
Transfers in	-	-	-	-	2,262
Transfers out	-	-	-	-	(72,193)
Total other financing sources (uses)	-	-	-	-	(69,931)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	31,546	(2,239)	832	18,671	190,038
Cash and investments - beginning	-	-	-	(2,800)	277,128
Cash and investments - ending	\$ 31,546	\$ (2,239)	\$ 832	\$ 15,871	\$ 467,166
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 31,546	\$ (2,239)	\$ -	\$ 15,871	\$ 466,334
Restricted assets:					
Cash and investments	-	-	832	-	832
Total cash and investment assets - ending	\$ 31,546	\$ (2,239)	\$ 832	\$ 15,871	\$ 467,166
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ 31,546	\$ (2,239)	\$ -	\$ 15,871	\$ 466,334
Unrestricted	-	-	832	-	832
Total cash and investment fund balance - ending	\$ 31,546	\$ (2,239)	\$ 832	\$ 15,871	\$ 467,166

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	Robert Duzan Scholarship	Bill Kurz Scholarship	High School Donations	Admin Donations	Hurricane Education	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 1,240	\$ -	\$ 11,100	\$ -	\$ 12,340
Investment earnings:						
Interest	99	168	-	-	-	267
Total investment earnings	99	168	-	-	-	267
Net investment earnings	99	168	-	-	-	267
Total additions	99	1,408	-	11,100	-	12,607
Deductions:						
Administrative and general	215	1,680	-	3,287	-	5,182
Excess (deficiency) of total additions over total deductions	(116)	(272)	-	7,813	-	7,425
Cash and investment fund balance - beginning	2,175	6,625	1,790	1,255	3,000	14,845
Cash and investments - June 30	<u>\$ 2,059</u>	<u>\$ 6,353</u>	<u>\$ 1,790</u>	<u>\$ 9,068</u>	<u>\$ 3,000</u>	<u>\$ 22,270</u>
Net assets:						
Cash and investments	\$ 2,059	\$ 6,353	\$ 1,790	\$ 9,068	\$ 3,000	\$ 22,270
Total net assets - cash and investment basis held in trust	<u>\$ 2,059</u>	<u>\$ 6,353</u>	<u>\$ 1,790</u>	<u>\$ 9,068</u>	<u>\$ 3,000</u>	<u>\$ 22,270</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

	Robert Duzan Scholarship	Bill Kurz Scholarship	High School Donations	Nth Funds From Tours	Admin Donations	Hurricane Education	Totals
Additions:							
Contributions:							
Other	\$ -	\$ 2,083	\$ -	\$ 18,675	\$ -	\$ -	\$ 20,758
Investment earnings:							
Interest	65	84	-	-	-	-	149
Total investment earnings	65	84	-	-	-	-	149
Net investment earnings	65	84	-	-	-	-	149
Total additions	65	2,167	-	18,675	-	-	20,907
Deductions:							
Administrative and general	215	2,509	-	-	7,170	-	9,894
Excess (deficiency) of total additions over total deductions	(150)	(342)	-	18,675	(7,170)	-	11,013
Cash and investment fund balance - beginning	2,059	6,353	1,790	-	9,068	3,000	22,270
Cash and investments - June 30	<u>\$ 1,909</u>	<u>\$ 6,011</u>	<u>\$ 1,790</u>	<u>\$ 18,675</u>	<u>\$ 1,898</u>	<u>\$ 3,000</u>	<u>\$ 33,283</u>
Net assets:							
Cash and investments	<u>\$ 1,909</u>	<u>\$ 6,011</u>	<u>\$ 1,790</u>	<u>\$ 18,675</u>	<u>\$ 1,898</u>	<u>\$ 3,000</u>	<u>\$ 33,283</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,909</u>	<u>\$ 6,011</u>	<u>\$ 1,790</u>	<u>\$ 18,675</u>	<u>\$ 1,898</u>	<u>\$ 3,000</u>	<u>\$ 33,283</u>

ROCHESTER 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>Cafeteria Prepaid Food</u>	<u>Medicaid Clearing</u>	<u>Payroll Withholdings</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 2,884	\$ -	\$ 2,666,138	\$ 2,669,022
Deductions:				
Agency fund deductions	<u>419</u>	<u>-</u>	<u>2,658,920</u>	<u>2,659,339</u>
Excess of total additions over total deductions	2,465	-	7,218	9,683
Cash and investment fund balance - beginning	<u>7,272</u>	<u>1,033</u>	<u>50,222</u>	<u>58,527</u>
Cash and investment fund balance - ending	<u>\$ 9,737</u>	<u>\$ 1,033</u>	<u>\$ 57,440</u>	<u>\$ 68,210</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Cafeteria Prepaid Food</u>	<u>Medicaid Clearing</u>	<u>Payroll Withholdings</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ (1,397)	\$ 13,202	\$ 2,642,882	\$ 2,654,687
Deductions:				
Agency fund deductions	<u>682</u>	<u>474</u>	<u>2,629,961</u>	<u>2,631,117</u>
Excess (deficiency) of total additions over total deductions	(2,079)	12,728	12,921	23,570
Cash and investment fund balance - beginning	<u>9,737</u>	<u>1,033</u>	<u>57,440</u>	<u>68,210</u>
Cash and investment fund balance - ending	<u>\$ 7,658</u>	<u>\$ 13,761</u>	<u>\$ 70,361</u>	<u>\$ 91,780</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,535,315
Buildings	23,945,441
Improvements other than buildings	751,510
Machinery and equipment	<u>5,903,571</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 32,135,837</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
2006 Refunding Lease - for School Buildings	\$ 6,505,000	\$ 1,041,000
2008 Refunding Lease - for School Buildings	6,440,000	729,500
Bonds payable:		
General obligation bonds:		
Remodeling of Columbia, Riddle Elementary and Rochester High School	<u>1,647,820</u>	<u>-</u>
Totals	<u>\$ 14,592,820</u>	<u>\$ 1,770,500</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$2,076.48 and \$2,983.99 were paid to the Internal Revenue Service on December 10, 2008 and April 12, 2010, respectively, for the periods ending June 30, 2008 and September 30, 2009.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit. Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit. Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

DEFICIENCY IN INTERNAL CONTROL

We noted a deficiency in the internal control system of the School Corporation related to the payment of payroll taxes. We believe the following deficiency constitutes a material weakness:

1. **Preparing and Paying Payroll Tax Withholdings:** Effective internal control over payroll involves the identification and analysis of the risk of failure to pay the correct amount of payroll withholdings, as well as the timely submission of the aforementioned payments, then determining how those identified risks should be managed. The School Corporation has not identified risks related to the preparation and payment of payroll withholdings and as a result has failed to design effective controls over the preparation and payment of payroll withholding in order to prevent or detect errors, which has resulted in the payment of penalties and interest.

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. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

Compliance

We have audited the compliance of the Rochester Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. 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, 2009 and 2010.

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 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.

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)

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 items 2010-2, 2010-3 and 2010-4 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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

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

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

December 1, 2010

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

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	FY 08/09-09/10	\$ 64,256	\$ 111,328
National School Lunch Program	10.555	FY 08/09-09/10	393,582	501,912
Summer Food Service Program for Children	10.559	FY 08/09-09/10	19,320	15,543
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	FY 09/10		
ARRA Equipment Assistance Grant			-	15,000
Total for cluster			<u>477,158</u>	<u>643,783</u>
Fresh Fruit and Vegetable Program	10.582	FY 08/09-09/10	27,579	6,595
Distance Learning and Telemedicine Loans and Grants	10.855	FY 08/09-09/10	2,800	141,254
Total for federal grantor agency			<u>507,537</u>	<u>791,632</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
ARRA - Title I Grants to Local Educational Agencies	84.010	09-2645	460,718	34,847
		10-2645	-	406,360
Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-2645	-	134,624
Total for cluster			<u>460,718</u>	<u>575,831</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery A	84.394	FY 08/09-09/10	956,892	384,147
Career and Technical Education - Basic Grants to States	84.048	FY 08/09-09/10		
Career Exploration Aides			7,378	7,378
Safe and Drug-Free Schools and Communities - State Grants	84.186	FY 08/09-09/10	6,215	491
Tech-Prep Education	84.243	FY 08/09-09/10	39,569	35,860
Improving Teacher Quality State Grants	84.367	FY 08/09-09/10	83,644	140,903
<u>DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>				
Pass-Through Family and Social Services Administration				
Temporary Assistance to Needy Families	93.558	FY 09/10	-	50
<u>SOCIAL SECURITY ADMINISTRATION</u>				
Pass-Through Family and Social Services Administration				
Social Security Disability Insurance	96.001	FY 09/10	-	182
Total federal awards expended			<u>\$ 2,061,953</u>	<u>\$ 1,936,474</u>

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

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

I. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of School Corporations with populations under 5,000 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, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 7,854	\$ 43,538
National School Lunch Program	10.555	48,961	111,579

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	yes
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	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:

CFDA Number	Name of Federal Program or Cluster
	Child Nutrition Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund 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 2010-1, INTERNAL CONTROLS OVER PAYROLL TRANSACTIONS AND REPORTING

Late Payment of Payroll Withholdings

The School Corporation paid the federal payroll taxes late on two separate occasions. Penalties and interest assessed by the Internal Revenue Service for these late payments totaled \$2,076.48 on December 10, 2008 and \$2,983.99 on April 12, 2010. Currently, the School Corporation has no control or review procedures in place to ensure the timely payment of payroll taxes.

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

Effective internal control over payroll issues include the identification and analysis of the risk of failure to pay the correct amount of payroll withholdings in a timely manner, then determining how those identified risks should be managed. The School Corporation has not identified risk related to the payment of payroll taxes and as a result has failed to design effective controls over these transactions.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and record, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

The School Corporation should develop an internal control structure to ensure the timely payment of payroll taxes.

Section III – Federal Award Findings and Questioned Costs

FINDING 2010-2. INTERNAL CONTROLS OVER PAYROLL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: National School Lunch Program
CFDA: 10.555
Pass-Through Agency: Indiana Department of Education

The National School Lunch Program is used to subsidize the cost of the school lunch program provided by the School Corporation. Payroll expenses represent a significant portion of the total expenses of the lunch program of the School Corporation.

The School Corporation paid the federal payroll taxes late on two separate occasions. Penalties and interest assessed by the Internal Revenue Service for these late payments totaled \$2,076.48 on December 10, 2008, and \$2,983.99 on April 12, 2010.

Currently, the School Corporation has no control or review procedures in place to ensure the timely payment of payroll taxes.

Effective internal control over payroll issues include the identification and analysis of the risk of failure to pay the correct amount of payroll withholdings in a timely manner, then determining how those identified risks should be managed. The School Corporation has not identified risk related to the payment of payroll taxes and as a result has failed to design effective controls over these transactions.

Circular A133 Subpart C section .300(b) states the auditee shall: "Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to pay payroll taxes in a timely manner could cause the School Corporation to incur interest and penalties and effect the total cost of the school lunch program.

We recommended the School Corporation develop internal control procedures to ensure the timely payment of payroll taxes in the future.

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

FINDING 2010-3, INTERNAL CONTROLS OVER PAYROLL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Pass-Through Agency: Indiana Department of Education

A significant portion of the proceeds of the Title I Grants to Local Educational Agencies grant were used to subsidize the payroll expenses of the school corporation. The School Corporation paid the federal payroll taxes late on two separate occasions. Penalties and interest assessed by the Internal Revenue Service for these late payments totaled \$2,076.48 on December 10, 2008, and \$2,983.99 on April 12, 2010.

Currently, the School Corporation has no control or review procedures in place to insure the timely payment of payroll taxes.

Effective internal control over payroll issues include the identification and analysis of the risk of failure to pay the correct amount of payroll withholdings in a timely manner, then determining how those identified risks should be managed. The School Corporation has not identified risk related to the payment of payroll taxes and as a result has failed to design effective controls over these transactions.

Circular A133 Subpart C section .300(b) states the auditee shall: "Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to pay payroll taxes in a timely manner could cause the School Corporation to incur interest and penalties and effect the total cost of the Title I grant program.

We recommended the School Corporation develop internal control procedures to insure the timely payment of payroll taxes in the future.

FINDING 2010-4, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Federal Program: State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act
CFDA Number: 84.394
Pass-Through Agency: Indiana Department of Education

A significant portion of the State Fiscal Stabilization Fund is devoted to payroll expenses. The School Corporation paid the federal payroll taxes late on two separate occasions. Penalties and interest assessed by the Internal Revenue Service for these late payments totaled \$2,076.48 on December 10, 2008, and \$2,983.99 on April 12, 2010. Currently, the School Corporation has no control or review procedures in place to ensure the timely payment of payroll taxes.

Effective internal control over payroll issues include the identification and analysis of the risk of failure to pay the correct amount of payroll withholdings in a timely manner, then determining how those identified risks should be managed. The School Corporation has not identified risk related to the payment of payroll taxes and as a result has failed to design effective controls over these transactions.

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

Circular A133 Subpart C section .300(b) states the auditee shall: "Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Failure to pay payroll taxes in a timely manner could cause the School Corporation to incur interest and penalties and effect the total cost of the State Fiscal Stabilization Fund program.

We recommended the School Corporation develop internal control procedures to ensure the timely payment of payroll taxes in the future.

ROCHESTER COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.



Rochester Community School Corporation
...inspiring individuals to learn, grow, and give

Dr. Debra K. Howe, PH.D.
Superintendent

690 Zebra Lane • P.O. Box 108
Rochester, Indiana 46975-0108
Phone: 574-223-2159 • Fax: 574-223-4909

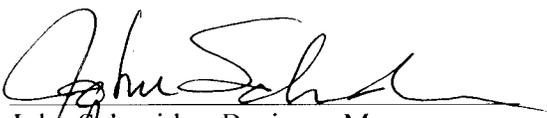
Corrective Action Plan

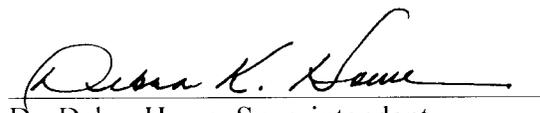
Finding No. 2010-1, 2010-2, 2010-3, 2010-4

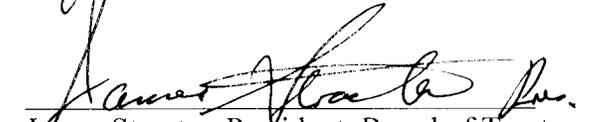
Federal Program: American Recovery and Reinvestment Act of 2009
National School Lunch Program
Title I Grants to Local Education Agencies

Corrective Action Planned:

The Rochester Community School Corporation Treasurer will verify that Federal Withholdings have been made the same day as payroll, verify amounts, and keep a record of these verifications.


John Schneider, Business Manger


Dr. Debra Howe, Superintendent


James Straeter, President, Board of Trustees

ROCHESTER COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 1, 2010, with Dr. Debra Howe, Superintendent of Schools; John Schneider, Treasurer; and James E. Straeter, President of the School Board. The officials concurred with our audit findings.