

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

ROCHESTER COMMUNITY SCHOOL CORPORATION  
FULTON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**  
02/18/2013



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### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	John Schneider Sheila Howe	07-01-10 to 02-27-12 02-28-12 to 06-30-13
Superintendent of Schools	Dr. Debra Howe Daniel Ronk	07-01-10 to 06-30-11 07-01-11 to 06-30-13
President of the School Board	James Streater Joseph McCarter Donald Meyer	01-01-10 to 12-31-10 01-01-11 to 12-31-12 01-01-13 to 12-31-13



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statement of the Rochester Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. This financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated January 23, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT  
(Continued)

and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other reports used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, is fairly stated, in all material respects, in relation to the financial statement taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances – Regulatory Basis and Schedule of Long-Term Debt, as listed in the Table of Contents are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 23, 2013



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

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

We have audited the financial statement of the Rochester Community School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 23, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented or detected and corrected on a timely basis.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

January 23, 2013

## FINANCIAL STATEMENT

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

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

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 1,036,653	\$ 11,488,724	\$ 11,264,745	\$ (16,826)	\$ 1,243,806	\$ 11,488,513	\$ 11,851,848	\$ (1,061)	\$ 879,410
Debt Service	1,115,953	2,028,811	1,974,711	-	1,170,053	2,253,179	2,183,179	-	1,240,053
Retirement/Severance Bond Debt Service	832	-	-	(832)	-	3,686	-	-	3,686
Capital Projects	682,783	1,662,815	1,641,427	-	704,171	1,677,668	1,420,483	4,413	965,769
School Transportation	310,517	727,877	667,668	25,953	396,679	715,812	697,763	27,275	442,003
School Bus Replacement	403,284	110,089	361,424	-	151,949	109,672	-	-	261,621
Rainy Day	70,545	-	-	-	70,545	-	-	-	70,545
Construction	1,592,047	45,318	90,133	(1,422,285)	124,947	-	124,947	-	-
School Lunch	545,485	851,765	1,078,772	-	318,478	909,570	777,289	-	450,759
Textbook Rental	(40,706)	127,193	45,475	-	41,012	125,936	89,509	-	77,439
Repair and Replacement	450,204	-	-	-	450,204	1,301	125,000	-	326,505
Self-Insurance	56,769	216,000	244,581	-	28,188	2,556,116	2,742,630	-	(158,326)
Educational License Plates	1,606	225	221	-	1,610	262	750	-	1,122
Northern Indiana Community Foundation	-	-	-	-	-	375	-	-	375
RMS PBL	-	-	-	-	-	-	82	2,498	2,416
New Tech High Donation	43,230	15,327	14,839	-	43,718	-	16,592	-	27,126
Rob Duzan Scholarship	1,909	-	190	-	1,719	-	173	-	1,546
Bill Kurz Scholarship	6,011	-	391	-	5,620	867	838	-	5,649
High School Donation	1,790	-	-	-	1,790	-	-	-	1,790
NTH from Tours	18,675	6,675	-	-	25,350	-	1,946	-	23,404
GIVE Local Donations	-	500	300	-	200	100	195	-	105
Admin Donations	1,898	-	1,023	-	875	-	-	-	875
Hurricane Education	3,000	-	-	-	3,000	-	-	-	3,000
Gifted and Talented 2009-10	27,471	-	20,434	-	7,037	-	-	-	7,037
High Ability 2010-11	-	32,834	11,179	-	21,655	-	21,605	-	50
High Ability 2011-12	-	-	-	-	-	31,509	23,138	-	8,371
Tech Prep	5,006	-	2,413	-	2,593	-	95	(2,498)	-
Medicaid Reimbursement	-	-	10,094	31,331	21,237	-	38,922	47,908	30,223
Non-English Speaking Programs 2007-08	571	995	1,566	-	-	-	-	-	-
Non-English Speaking Programs 2009-10	2,299	-	2,006	-	293	-	293	-	-
Non-English Speaking Programs 2010-11	-	1,966	-	-	1,966	-	1,966	-	-
Non-English Speaking Programs 2011-12	-	-	-	-	-	1,271	1,243	-	28
School Technology	-	3,453	-	-	3,453	4,110	-	-	7,563
Technology Grants [IC 20-40-15]	-	-	21	-	(21)	152,511	189,683	-	(37,193)

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

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

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	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
Graduation Rate Performance	-	20,000	-	-	20,000	-	19,989	-	11
Distance Learning	15,871	17,338	33,209	-	-	-	-	-	-
Project Lead the Way 2009-10	-	15,000	15,000	-	-	19,232	19,232	-	-
First Robotics 2010	-	9,000	9,000	-	-	-	-	-	-
First Robotics 2012	-	-	-	-	-	2,896	3,317	-	(421)
Project Lead the Way-Wired	-	14,023	12,209	-	1,814	-	1,530	(284)	-
RHS Classroom Math	-	-	-	-	-	-	-	284	284
Project Lead the Way Bio-Med 2011-12	-	3,987	3,827	-	160	-	-	(160)	-
Project Lead the Way Bio-Med 2010-11	(1,000)	15,000	14,000	-	-	-	-	-	-
Project Lead the Way Bio-Med 2009-10	(1,063)	1,110	47	-	-	11,221	11,381	160	-
Excess PTRC Distributions	31,688	25,953	-	(25,953)	31,688	-	-	(31,688)	-
Peers Educating Peers	272	-	248	-	24	-	24	-	-
Careers Major	10,377	-	-	-	10,377	-	-	-	10,377
Title I 2009-10	(6,996)	376,785	365,154	-	4,635	49,957	200,077	145,485	-
Title 1 2011-12	-	-	-	-	-	312,235	197,516	(145,485)	(30,766)
Federal Special Education	-	-	-	-	-	282,873	317,466	-	(34,593)
Federal Special Education-Preschool	-	-	-	-	-	6,065	7,462	-	(1,397)
Title V 2006-07	3,026	-	-	-	3,026	-	-	(3,026)	-
Title V 2007-08	-	-	-	-	-	-	-	3,026	3,026
Drug Free Schools	6,239	-	-	-	6,239	-	300	(5,939)	-
Drug Free Schools 2007-08	-	-	-	-	-	-	-	5,939	5,939
Title II 2009-10	(41,925)	114,013	165,688	-	(93,600)	80,599	(1,748)	11,253	-
Title II 2010-11	-	-	-	-	-	11,253	-	(11,253)	-
Title II 2011-12	-	-	-	-	-	-	2,699	-	(2,699)
Title I - Grants to LEAs	31,546	15,808	47,041	-	313	26,091	26,404	-	-
Education Technology	(2,239)	105,222	112,244	-	(9,261)	9,261	-	-	-
Qualified School Construction Bond	-	27,273	1,100,171	3,595,076	2,522,178	1,296	2,346,191	-	177,283
Education Jobs	-	-	-	-	-	341,217	366,876	-	(25,659)
Payroll	70,361	2,574,298	2,570,185	-	74,474	4,292,454	4,302,689	-	64,239
Café Prepaid	7,658	1,060	142	-	8,576	427	339	-	8,664
Medicare Clearing	13,761	8,095	21,856	-	-	-	-	-	-
<b>Totals</b>	<b>\$ 6,475,408</b>	<b>\$ 20,664,532</b>	<b>\$ 21,903,634</b>	<b>\$ 2,186,464</b>	<b>\$ 7,422,770</b>	<b>\$ 25,479,535</b>	<b>\$ 28,131,913</b>	<b>\$ 46,847</b>	<b>\$ 4,817,239</b>

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

ROCHESTER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Receipts are recorded when received and disbursements are recorded when paid.

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

*C. Cash and Investments*

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

*D. Receipts*

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

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

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

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

ROCHESTER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

*E. Disbursements*

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations, and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

*F. Other Financing Sources and Uses*

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

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

ROCHESTER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

**G. Fund Accounting**

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

ROCHESTER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 5. Risk Management**

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

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

**Note 6. Pension Plans**

*A. Public Employees' Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

ROCHESTER COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teacher's Retirement Fund*

*Plan Description*

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

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

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

*Funding Policy and Annual Pension Cost*

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

## SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,036,653	\$ 1,115,953	\$ 832	\$ 682,783	\$ 310,517	\$ 403,284	\$ 70,545	\$ 1,592,047	\$ 545,485	\$ (40,706)
Receipts:										
Local sources	237,300	1,935,341	-	1,662,815	726,075	110,089	-	45,318	353,536	73,970
Intermediate sources	445	-	-	-	-	-	-	-	-	-
State sources	11,241,239	-	-	-	-	-	-	-	10,483	53,223
Federal sources	7,378	93,470	-	-	-	-	-	-	487,386	-
Other	2,362	-	-	-	1,802	-	-	-	360	-
Total receipts	<u>11,488,724</u>	<u>2,028,811</u>	<u>-</u>	<u>1,662,815</u>	<u>727,877</u>	<u>110,089</u>	<u>-</u>	<u>45,318</u>	<u>851,765</u>	<u>127,193</u>
Disbursements:										
Current:										
Instruction	7,742,012	-	-	-	-	-	-	-	-	-
Support services	3,454,606	-	-	1,164,582	667,668	361,424	-	20,370	445	45,475
Noninstructional services	68,127	-	-	-	-	-	-	-	1,078,327	-
Facilities acquisition and construction	-	-	-	433,336	-	-	-	44,813	-	-
Debt services	-	1,974,711	-	43,509	-	-	-	24,950	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>11,264,745</u>	<u>1,974,711</u>	<u>-</u>	<u>1,641,427</u>	<u>667,668</u>	<u>361,424</u>	<u>-</u>	<u>90,133</u>	<u>1,078,772</u>	<u>45,475</u>
Excess (deficiency) of receipts over disbursements	<u>223,979</u>	<u>54,100</u>	<u>-</u>	<u>21,388</u>	<u>60,209</u>	<u>(251,335)</u>	<u>-</u>	<u>(44,815)</u>	<u>(227,007)</u>	<u>81,718</u>
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	214,000	-	-
Sale of capital assets	(17,658)	-	-	-	-	-	-	-	-	-
Transfers in	832	-	-	-	25,953	-	-	-	-	-
Transfers out	-	-	(832)	-	-	-	-	(1,636,285)	-	-
Total other financing sources (uses)	<u>(16,826)</u>	<u>-</u>	<u>(832)</u>	<u>-</u>	<u>25,953</u>	<u>-</u>	<u>-</u>	<u>(1,422,285)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>207,153</u>	<u>54,100</u>	<u>(832)</u>	<u>21,388</u>	<u>86,162</u>	<u>(251,335)</u>	<u>-</u>	<u>(1,467,100)</u>	<u>(227,007)</u>	<u>81,718</u>
Cash and investments - ending	<u>\$ 1,243,806</u>	<u>\$ 1,170,053</u>	<u>\$ -</u>	<u>\$ 704,171</u>	<u>\$ 396,679</u>	<u>\$ 151,949</u>	<u>\$ 70,545</u>	<u>\$ 124,947</u>	<u>\$ 318,478</u>	<u>\$ 41,012</u>

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

	Repair and Replacement	Self- Insurance	Educational License Plates	Northern Indiana Community Foundation	RMS PBL	New Tech High Donation	Rob Duzan Scholarship	Bill Kurz Scholarship	High School Donation	NTH from Tours
Cash and investments - beginning	\$ 450,204	\$ 56,769	\$ 1,606	\$ -	\$ -	\$ 43,230	\$ 1,909	\$ 6,011	\$ 1,790	\$ 18,675
Receipts:										
Local sources	-	216,000	-	-	-	8,680	-	-	-	6,675
Intermediate sources	-	-	225	-	-	-	-	-	-	-
State sources	-	-	-	-	-	6,647	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	-	216,000	225	-	-	15,327	-	-	-	6,675
Disbursements:										
Current:										
Instruction	-	-	-	-	-	109	-	-	-	-
Support services	-	-	221	-	-	14,730	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	244,581	-	-	-	-	190	391	-	-
Total disbursements	-	244,581	221	-	-	14,839	190	391	-	-
Excess (deficiency) of receipts over disbursements	-	(28,581)	4	-	-	488	(190)	(391)	-	6,675
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(28,581)	4	-	-	488	(190)	(391)	-	6,675
Cash and investments - ending	\$ 450,204	\$ 28,188	\$ 1,610	\$ -	\$ -	\$ 43,718	\$ 1,719	\$ 5,620	\$ 1,790	\$ 25,350

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

	GIVE Local Donations	Admin Donations	Hurricane Education	Gifted and Talented 2009-10	High Ability 2010-11	High Ability 2011-12	Tech Prep	Medicaid Reimbursement	Non-English Speaking Programs 2007-08	Non-English Speaking Programs 2009-10
Cash and investments - beginning	\$ -	\$ 1,898	\$ 3,000	\$ 27,471	\$ -	\$ -	\$ 5,006	\$ -	\$ 571	\$ 2,299
Receipts:										
Local sources	500	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	32,834	-	-	-	995	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	500	-	-	-	32,834	-	-	-	995	-
Disbursements:										
Current:										
Instruction	-	-	-	3,121	-	-	3	2,458	571	-
Support services	300	1,023	-	17,313	11,179	-	2,410	7,636	995	2,006
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	300	1,023	-	20,434	11,179	-	2,413	10,094	1,566	2,006
Excess (deficiency) of receipts over disbursements	200	(1,023)	-	(20,434)	21,655	-	(2,413)	(10,094)	(571)	(2,006)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	31,331	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	31,331	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	200	(1,023)	-	(20,434)	21,655	-	(2,413)	21,237	(571)	(2,006)
Cash and investments - ending	\$ 200	\$ 875	\$ 3,000	\$ 7,037	\$ 21,655	\$ -	\$ 2,593	\$ 21,237	\$ -	\$ 293

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

	Non-English Speaking Programs 2010-11	Non-English Speaking Programs 2011-12	School Technology	Technology Grants [IC 20-40-15]	Graduation Rate Performance	Distance Learning	Project Lead the Way 2009-10	First Robotics 2010	First Robotics 2012
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,871	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	1,966	-	3,453	-	20,000	-	-	-	-
Federal sources	-	-	-	-	-	17,338	15,000	9,000	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	1,966	-	3,453	-	20,000	17,338	15,000	9,000	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	13,582	9,000	-
Support services	-	-	-	21	-	33,209	1,418	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	21	-	33,209	15,000	9,000	-
Excess (deficiency) of receipts over disbursements	1,966	-	3,453	(21)	20,000	(15,871)	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,966	-	3,453	(21)	20,000	(15,871)	-	-	-
Cash and investments - ending	\$ 1,966	\$ -	\$ 3,453	\$ (21)	\$ 20,000	\$ -	\$ -	\$ -	\$ -

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

	Project Lead the Way- Wired	RHS Classroom Math	Project Lead the Way Bio-Med 2011-12	Project Lead the Way Bio-Med 2010-11	Project Lead the Way Bio-Med 2009-10	Excess PTRC Distributions	Peers Educating Peers	Careers Major	Title 1 2009-10
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (1,000)	\$ (1,063)	\$ 31,688	\$ 272	\$ 10,377	\$ (6,996)
Receipts:									
Local sources	120	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	15,000	-	25,953	-	-	-
Federal sources	13,903	-	3,987	-	1,110	-	-	-	376,785
Other	-	-	-	-	-	-	-	-	-
Total receipts	14,023	-	3,987	15,000	1,110	25,953	-	-	376,785
Disbursements:									
Current:									
Instruction	7,434	-	-	-	47	-	-	-	360,015
Support services	4,775	-	3,827	14,000	-	-	248	-	5,123
Noninstructional services	-	-	-	-	-	-	-	-	16
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	12,209	-	3,827	14,000	47	-	248	-	365,154
Excess (deficiency) of receipts over disbursements	1,814	-	160	1,000	1,063	25,953	(248)	-	11,631
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	2,570
Transfers out	-	-	-	-	-	(25,953)	-	-	(2,570)
Total other financing sources (uses)	-	-	-	-	-	(25,953)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,814	-	160	1,000	1,063	-	(248)	-	11,631
Cash and investments - ending	\$ 1,814	\$ -	\$ 160	\$ -	\$ -	\$ 31,688	\$ 24	\$ 10,377	\$ 4,635

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

	Title 1 2011-12	Federal Special Education	Federal Special Education- Preschool	Title V 2006-07	Title V 2007-08	Drug Free Schools	Drug Free Schools 2007-08	Title II 2009-10	Title II 2010-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,026	\$ -	\$ 6,239	\$ -	\$ (41,925)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	114,013	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	114,013	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	-	-	-	-	-	165,688	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	165,688	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	(51,675)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	(51,675)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 3,026	\$ -	\$ 6,239	\$ -	\$ (93,600)	\$ -

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

	Title II 2011-12	Title I Grants to LEAs	Education Technology	Qualified School Construction Bond	Education Jobs	Payroll	Café Prepaid	Medicare Clearing	Totals
Cash and investments - beginning	\$ -	\$ 31,546	\$ (2,239)	\$ -	\$ -	\$ 70,361	\$ 7,658	\$ 13,761	\$ 6,475,408
Receipts:									
Local sources	-	-	-	27,273	-	-	-	-	5,403,692
Intermediate sources	-	-	-	-	-	-	-	-	670
State sources	-	-	-	-	-	-	-	-	11,411,793
Federal sources	-	15,808	105,222	-	-	-	-	-	1,260,400
Other	-	-	-	-	-	2,574,298	1,060	8,095	2,587,977
Total receipts	-	15,808	105,222	27,273	-	2,574,298	1,060	8,095	20,664,532
Disbursements:									
Current:									
Instruction	-	45,842	-	-	-	-	-	-	8,184,194
Support services	-	1,199	112,244	-	-	-	-	-	6,114,135
Noninstructional services	-	-	-	-	-	-	-	-	1,146,470
Facilities acquisition and construction	-	-	-	1,100,171	-	-	-	-	1,578,320
Debt services	-	-	-	-	-	-	-	-	2,043,170
Nonprogrammed charges	-	-	-	-	-	2,570,185	142	21,856	2,837,345
Total disbursements	-	47,041	112,244	1,100,171	-	2,570,185	142	21,856	21,903,634
Excess (deficiency) of receipts over disbursements	-	(31,233)	(7,022)	(1,072,898)	-	4,113	918	(13,761)	(1,239,102)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	1,958,791	-	-	-	-	2,172,791
Sale of capital assets	-	-	-	-	-	-	-	-	13,673
Transfers in	-	-	-	1,636,285	-	-	-	-	1,665,640
Transfers out	-	-	-	-	-	-	-	-	(1,665,640)
Total other financing sources (uses)	-	-	-	3,595,076	-	-	-	-	2,186,464
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(31,233)	(7,022)	2,522,178	-	4,113	918	(13,761)	947,362
Cash and investments - ending	\$ -	\$ 313	\$ (9,261)	\$ 2,522,178	\$ -	\$ 74,474	\$ 8,576	\$ -	\$ 7,422,770

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

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 1,243,806	\$ 1,170,053	\$ -	\$ 704,171	\$ 396,679	\$ 151,949	\$ 70,545	\$ 124,947	\$ 318,478	\$ 41,012
Receipts:										
Local sources	186,946	2,163,208	3,686	1,677,668	706,809	109,672	-	-	372,792	48,325
Intermediate sources	445	-	-	-	-	-	-	-	-	-
State sources	11,292,461	-	-	-	-	-	-	-	10,370	77,611
Federal sources	7,378	89,971	-	-	-	-	-	-	526,408	-
Other	1,283	-	-	-	9,003	-	-	-	-	-
Total receipts	11,488,513	2,253,179	3,686	1,677,668	715,812	109,672	-	-	909,570	125,936
Disbursements:										
Current:										
Instruction	7,961,139	-	-	-	-	-	-	-	-	-
Support services	3,807,502	-	-	1,186,961	697,763	-	-	-	699	89,509
Noninstructional services	83,207	-	-	-	-	-	-	-	776,590	-
Facilities acquisition and construction	-	-	-	194,663	-	-	-	124,947	-	-
Debt services	-	2,183,179	-	38,859	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	11,851,848	2,183,179	-	1,420,483	697,763	-	-	124,947	777,289	89,509
Excess (deficiency) of receipts over disbursements	(363,335)	70,000	3,686	257,185	18,049	109,672	-	(124,947)	132,281	36,427
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	(1,061)	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	4,413	27,275	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(1,061)	-	-	4,413	27,275	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(364,396)	70,000	3,686	261,598	45,324	109,672	-	(124,947)	132,281	36,427
Cash and investments - ending	\$ 879,410	\$ 1,240,053	\$ 3,686	\$ 965,769	\$ 442,003	\$ 261,621	\$ 70,545	\$ -	\$ 450,759	\$ 77,439

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

	Repair and Replacement	Self- Insurance	Educational License Plates	Northern Indiana Community Foundation	RMS PBL	New Tech High Donation	Rob Duzan Scholarship	Bill Kurz Scholarship	High School Donation	NTH from Tours
Cash and investments - beginning	\$ 450,204	\$ 28,188	\$ 1,610	\$ -	\$ -	\$ 43,718	\$ 1,719	\$ 5,620	\$ 1,790	\$ 25,350
Receipts:										
Local sources	1,301	2,556,116	-	375	-	-	-	867	-	-
Intermediate sources	-	-	262	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	1,301	2,556,116	262	375	-	-	-	867	-	-
Disbursements:										
Current:										
Instruction	-	-	-	-	-	240	-	-	-	-
Support services	-	-	750	-	82	16,352	173	838	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	125,000	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	2,742,630	-	-	-	-	-	-	-	1,946
Total disbursements	125,000	2,742,630	750	-	82	16,592	173	838	-	1,946
Excess (deficiency) of receipts over disbursements	(123,699)	(186,514)	(488)	375	(82)	(16,592)	(173)	29	-	(1,946)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	2,498	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	2,498	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(123,699)	(186,514)	(488)	375	2,416	(16,592)	(173)	29	-	(1,946)
Cash and investments - ending	\$ 326,505	\$ (158,326)	\$ 1,122	\$ 375	\$ 2,416	\$ 27,126	\$ 1,546	\$ 5,649	\$ 1,790	\$ 23,404

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

	GIVE Local Donations	Admin Donations	Hurricane Education	Gifted and Talented 2009-10	High Ability 2010-11	High Ability 2011-12	Tech Prep	Medicaid Reimbursement	Non-English Speaking Programs 2007-08	Non-English Speaking Programs 2009-10
Cash and investments - beginning	\$ 200	\$ 875	\$ 3,000	\$ 7,037	\$ 21,655	\$ -	\$ 2,593	\$ 21,237	\$ -	\$ 293
Receipts:										
Local sources	100	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	31,509	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	-
Total receipts	100	-	-	-	-	31,509	-	-	-	-
Disbursements:										
Current:										
Instruction	195	-	-	-	-	12,002	95	22,850	-	-
Support services	-	-	-	-	21,605	10,394	-	16,072	-	293
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	742	-	-	-	-
Total disbursements	195	-	-	-	21,605	23,138	95	38,922	-	293
Excess (deficiency) of receipts over disbursements	(95)	-	-	-	(21,605)	8,371	(95)	(38,922)	-	(293)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	47,908	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(2,498)	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	(2,498)	47,908	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(95)	-	-	-	(21,605)	8,371	(2,593)	8,986	-	(293)
Cash and investments - ending	\$ 105	\$ 875	\$ 3,000	\$ 7,037	\$ 50	\$ 8,371	\$ -	\$ 30,223	\$ -	\$ -

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

	Non-English Speaking Programs 2010-11	Non-English Speaking Programs 2011-12	School Technology	Technology Grants [IC 20-40-15]	Graduation Rate Performance	Distance Learning	Project Lead the Way 2009-10	First Robotics 2010	First Robotics 2012
Cash and investments - beginning	\$ 1,966	\$ -	\$ 3,453	\$ (21)	\$ 20,000	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,896
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	4,110	152,511	-	-	-	-	-
Federal sources	-	1,271	-	-	-	-	19,232	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	1,271	4,110	152,511	-	-	19,232	-	2,896
Disbursements:									
Current:									
Instruction	-	-	-	-	19,989	-	18,232	-	3,317
Support services	1,966	1,243	-	13,348	-	-	1,000	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	176,335	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,966	1,243	-	189,683	19,989	-	19,232	-	3,317
Excess (deficiency) of receipts over disbursements	(1,966)	28	4,110	(37,172)	(19,989)	-	-	-	(421)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,966)	28	4,110	(37,172)	(19,989)	-	-	-	(421)
Cash and investments - ending	\$ -	\$ 28	\$ 7,563	\$ (37,193)	\$ 11	\$ -	\$ -	\$ -	\$ (421)

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

	Project Lead the Way- Wired	RHS Classroom Math	Project Lead the Way Bio-Med 2011-12	Project Lead the Way Bio-Med 2010-11	Project Lead the Way Bio-Med 2009-10	Excess PTRC Distributions	Peers Educating Peers	Careers Major	Title 1 2009-10
Cash and investments - beginning	\$ 1,814	\$ -	\$ 160	\$ -	\$ -	\$ 31,688	\$ 24	\$ 10,377	\$ 4,635
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	11,221	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	49,957
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	11,221	-	-	-	49,957
Disbursements:									
Current:									
Instruction	1,530	-	-	-	-	-	-	-	195,870
Support services	-	-	-	-	11,381	-	24	-	-
Noninstructional services	-	-	-	-	-	-	-	-	4,207
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,530	-	-	-	11,381	-	24	-	200,077
Excess (deficiency) of receipts over disbursements	(1,530)	-	-	-	(160)	-	(24)	-	(150,120)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	284	-	-	160	-	-	-	3,570
Transfers out	(284)	-	(160)	-	-	(31,688)	-	-	141,915
Total other financing sources (uses)	(284)	284	(160)	-	160	(31,688)	-	-	145,485
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,814)	284	(160)	-	-	(31,688)	(24)	-	(4,635)
Cash and investments - ending	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,377	\$ -

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

	Title 1 2011-12	Federal Special Education	Federal Special Education- Preschool	Title V 2006-07	Title V 2007-08	Drug Free Schools	Drug Free Schools 2007-08	Title II 2009-10	Title II 2010-11
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 3,026	\$ -	\$ 6,239	\$ -	\$ (93,600)	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	312,235	282,873	6,065	-	-	-	-	80,599	11,253
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>312,235</u>	<u>282,873</u>	<u>6,065</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>80,599</u>	<u>11,253</u>
Disbursements:									
Current:									
Instruction	195,977	18,005	7,462	-	-	-	-	-	-
Support services	1,504	299,461	-	-	-	300	-	(1,748)	-
Noninstructional services	35	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>197,516</u>	<u>317,466</u>	<u>7,462</u>	<u>-</u>	<u>-</u>	<u>300</u>	<u>-</u>	<u>(1,748)</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>114,719</u>	<u>(34,593)</u>	<u>(1,397)</u>	<u>-</u>	<u>-</u>	<u>(300)</u>	<u>-</u>	<u>82,347</u>	<u>11,253</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	(145,485)	-	-	-	3,026	-	5,939	-	(11,253)
Transfers out	-	-	-	(3,026)	-	(5,939)	-	11,253	-
Total other financing sources (uses)	<u>(145,485)</u>	<u>-</u>	<u>-</u>	<u>(3,026)</u>	<u>3,026</u>	<u>(5,939)</u>	<u>5,939</u>	<u>11,253</u>	<u>(11,253)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(30,766)</u>	<u>(34,593)</u>	<u>(1,397)</u>	<u>(3,026)</u>	<u>3,026</u>	<u>(6,239)</u>	<u>5,939</u>	<u>93,600</u>	<u>-</u>
Cash and investments - ending	<u>\$ (30,766)</u>	<u>\$ (34,593)</u>	<u>\$ (1,397)</u>	<u>\$ -</u>	<u>\$ 3,026</u>	<u>\$ -</u>	<u>\$ 5,939</u>	<u>\$ -</u>	<u>\$ -</u>

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

	Title II 2011-12	Title I Grants to LEAs	Education Technology	Qualified School Construction Bond	Education Jobs	Payroll	Café Prepaid	Medicare Clearing	Totals
Cash and investments - beginning	\$ -	\$ 313	\$ (9,261)	\$ 2,522,178	\$ -	\$ 74,474	\$ 8,576	\$ -	\$ 7,422,770
Receipts:									
Local sources	-	-	-	1,296	-	-	-	-	7,832,057
Intermediate sources	-	-	-	-	-	-	-	-	707
State sources	-	-	-	-	-	-	-	-	11,579,793
Federal sources	-	26,091	9,261	-	341,217	-	-	-	1,763,811
Other	-	-	-	-	-	4,292,454	427	-	4,303,167
Total receipts	-	26,091	9,261	1,296	341,217	4,292,454	427	-	25,479,535
Disbursements:									
Current:									
Instruction	-	26,404	-	-	366,876	-	-	-	8,850,183
Support services	2,699	-	-	-	-	-	-	-	6,180,171
Noninstructional services	-	-	-	-	-	-	-	-	864,039
Facilities acquisition and construction	-	-	-	2,346,191	-	-	-	-	2,967,136
Debt services	-	-	-	-	-	-	-	-	2,222,038
Nonprogrammed charges	-	-	-	-	-	4,302,689	339	-	7,048,346
Total disbursements	2,699	26,404	-	2,346,191	366,876	4,302,689	339	-	28,131,913
Excess (deficiency) of receipts over disbursements	(2,699)	(313)	9,261	(2,344,895)	(25,659)	(10,235)	88	-	(2,652,378)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	46,847
Transfers in	-	-	-	-	-	-	-	-	(109,573)
Transfers out	-	-	-	-	-	-	-	-	109,573
Total other financing sources (uses)	-	-	-	-	-	-	-	-	46,847
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,699)	(313)	9,261	(2,344,895)	(25,659)	(10,235)	88	-	(2,605,531)
Cash and investments - ending	\$ (2,699)	\$ -	\$ -	\$ 177,283	\$ (25,659)	\$ 64,239	\$ 8,664	\$ -	\$ 4,817,239

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ROCHESTER COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2012

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 Multi-School	\$ 4,965,000	\$ 1,041,000
2008 Multi-School	4,370,000	727,100
Bonds payable:		
General obligation bonds:		
Construction	2,275,000	198,000
2010 Qualified School Construction Bond	1,647,820	93,102
2011 Qualified School Construction Bond	<u>1,970,000</u>	<u>99,862</u>
Total governmental activities debt	<u>\$ 15,227,820</u>	<u>\$ 2,159,064</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**FEDERAL AND STATE AGENCIES - COMPLIANCE REQUIREMENTS**

The School Corporation did not comply with directives of some grant agreements by expending the grant proceeds within the period of availability. Grant balances not expended within the period of availability are:

Gifted and Talented	2009-2010	\$	7,037
High Ability Grant	2010-2011		50
High Ability Grant	2011-2012		789
Safe and Drug Free Schools			5,939

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

**CONDITION OF RECORDS - CASH NECESSARY TO BALANCE, BANK RECONCILEMENTS**

The following deficiencies relating to the recordkeeping were noted.

Record balances were not reconciled to depository balances. Adjustments made in several months reducing the book balance by \$2,510 were made to the record in order to reconcile the record to the depository balance. No audit trail or explanation was presented for these adjustments. Depository account reconciliations have been completed without adjustments to the record since the original adjustments were made.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

**CONTRACTS**

Records indicated that the Head of Maintenance for the School Corporation was underpaid by \$ 523 for the 2011-2012 school year. The School Corporation agreed with the difference and paid the Head of Maintenance \$523 on December 5, 2012, through the payroll system.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

ROCHESTER COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

***PUBLIC WORKS CONTRACT OVERPAYMENT***

On May 14, 2010, the School awarded Hufnagel Equipment Company a contract for HVAC renovations at Columbia and Riddle Elementary Schools. Terms of the contract signed obligated the Corporation to pay \$407,386 for these renovations. During the renovation period the School Corporation approved change orders totaling \$8,820 bringing the total contract amount to \$416,206. The School Corporation made payments totaling \$419,269.80, resulting in an overpayment on this contract of \$3,063.80.

The owner of Hufnagel Equipment has died and the Hufnagel Equipment Company has been dissolved since the date of this contract, making collection from the HVAC company impossible.

Each governmental unit should collect any overpayments made. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We are requesting that John Schneider, prior Treasurer, reimburse the School Corporation \$3,063.80, for the overpayment to Hufnagel Equipment Company made during his tenure as Treasurer. On January 16, 2013, John Schneider paid \$3,063.80 to the School Corporation. (See Summary of Charges, page 51)

***OFFICIAL BONDS***

An official bond was on file binding John Schneider as Principal and Ohio Farmers Insurance Company as Surety to the State of Indiana. The bond covers the faithful performance of duties as Treasurer of the Rochester Community School Corporation, in the amount of \$100,000 for the term beginning January 1, 2010 and ending January 1, 2011.

An official bond was on file binding John Schneider as Principal and American States Insurance Company as Surety to the State of Indiana. The bond covers the faithful performance of duties as Treasurer of the Rochester Community School Corporation, in the amount of \$100,000 for the term beginning January 1, 2011 and ending January 1, 2012.

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the Rochester Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2010 to June 30, 2012. However the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2.

Internal Control Over Compliance

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

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

test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies as described in the accompanying Schedule of Findings and Questioned Costs as items 2012-1 and 2012-2. A significant deficiency in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

STATE BOARD OF ACCOUNTS

January 23, 2013

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## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

ROCHESTER COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 105,330	\$ 104,147
National School Lunch Program	10.555		423,848	476,761
Summer Food Service Program for Children	10.559		<u>13,493</u>	<u>12,594</u>
Total for cluster			<u>542,671</u>	<u>593,502</u>
Child and Adult Care Food Program	10.558		<u>6,571</u>	<u>9,255</u>
Distance Learning and Telemedicine Loans and Grants	10.855		<u>33,209</u>	<u>-</u>
Total for federal grantor agency			<u>582,451</u>	<u>602,757</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
"Direct Grant"				
Impact Aid Cluster				
Impact Aid	84.041		<u>21</u>	<u>152,511</u>
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	2009-10	29,328	-
		2010-11	335,827	51,022
		2011-12	<u>-</u>	<u>315,804</u>
Total for program			<u>365,155</u>	<u>366,826</u>
ARRA Title 1 Grant to Local Educational Agencies, Recovery Act	84.389		<u>47,041</u>	<u>26,404</u>
Total for cluster			<u>412,196</u>	<u>393,230</u>
Pass-Through Warsaw Community School Corporation				
Special Education Cluster (IDEA)				
Special Education_Grants to States	84.027		-	282,873
Special Education_Preschool Grants	84.173		<u>-</u>	<u>6,065</u>
Total for cluster			<u>-</u>	<u>288,938</u>

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

ROCHESTER COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2010 and 2011  
(Continued)

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 06-30-10	Total Federal Awards Expended 06-30-11
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education				
Educational Technology State Grants Cluster				
ARRA Education Technology State Grants, Recovery Act	84.386		102,983	9,261
Total for cluster			102,983	9,261
Career and Technical Education -- Basic Grants to States	84.048			
		2010	4,000	-
		2011	5,000	-
		2012	-	2,896
Total for program			9,000	2,896
Safe and Drug-Free Schools and Communities_State Grants	84.186		300	-
Tech-Prep Education	84.243			
		Bio-Med 2011	14,000	-
		2011	15,000	-
		2012	-	19,232
Total for program			29,000	19,232
English Language Acquisition Grants	84.365			
		2009-10	571	1,041
		2010-11	-	1,966
		2011-12	-	1,243
Total for program			571	4,250
Improving Teacher Quality State Grants	84.367			
		2009-10	94,013	-
		2010-11	-	91,852
Total for program			94,013	91,852
Education Jobs Fund	84.410		-	341,217
Total for federal grantor agency			648,084	1,303,387
Total federal awards expended			<u>\$ 1,230,535</u>	<u>\$ 1,906,144</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

**Note 1. 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 statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

**Note 2. Noncash Assistance**

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

Program Title	Federal CFDA Number	2010-2011	2011-2012
School Breakfast Program	10.553	\$ 10,254	\$ 10,688
National School Lunch Program	10.555	44,324	54,688

ROCHESTER COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

**Section I – Summary of Auditor's Results**

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unqualified as to Regulatory
Internal control over financial reporting:	
Material weaknesses identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	no
Significant deficiencies identified?	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:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.410	Child Nutrition Cluster Title 1, Part A Cluster Education Jobs Fund

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**

No matters are reportable.

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

**Section III – Federal Award Findings and Questioned Costs**

**FINDING 2012-1 - REPORTING**

Federal Agency: U.S. DEPARTMENT OF AGRICULTURE  
Federal Program: Child Nutrition Cluster  
CFDA Number: 10.555  
Federal Award Number and Year (or Other Identifying Number): School Years 2010-11 & 2011-12  
Pass-Through Entity: Indiana Department of Education

The School Corporation filed an annual financial report on the school lunch program, as required by the Indiana Department of Education, for the school years of 2010-11 and 2011-12 that did not agree with their financial statements.

The School Corporation has failed to establish an internal control structure designed to ensure compliance with the reporting requirements of this grant. The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements and could lead to the misuse and mismanagement of federal funds and assets.

7CFR 210.15(a) states: "Participating school food authorities are required to submit forms and reports to the State agency or the distributing agency, as appropriate, to demonstrate compliance with Program requirements."

OMB Circular A-133, Subpart C, section .300 (b) states:

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

We recommended that the School Corporation's management establish controls related to the proper preparation and review of information provided in the school lunch reports.

**FINDING 2012-2 - SPECIAL TESTS AND PROVISIONS**

Federal Agency: U.S. DEPARTMENT OF EDUCATION  
Federal Program: Title 1, Part A Cluster  
CFDA Number: 84.010 & 84.389  
Federal Award Number and Year (or Other Identifying Number): 2011  
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system designed to ensure that Title 1 employees meet the minimum qualifications for employment.

The failure to properly communicate the minimum requirements and monitor the qualifications could lead to the School Corporation hiring an aide that did not meet the minimum educational requirements established by the Department of Education to assist a Teacher in instructional support for Title 1 students.

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

34 CFR Section 200.58 states

"(a) *Applicability.*

- (1) An LEA must ensure that each paraprofessional who is hired by the LEA and who works in a program supported with funds under subpart A of this part meets the requirements in paragraph (b) of this section and, except as provided in paragraph (e) of this section, the requirements in either paragraph (c) or (d) of this section.
- (2) For the purpose of this section, the term "paraprofessional"—
  - (i) Means an individual who provides instructional support consistent with § 200.59; and
  - (ii) Does not include individuals who have only non-instructional duties (such as providing technical support for computers, providing personal care services, or performing clerical duties).
- (3) For the purpose of paragraph (a) of this section, a paraprofessional working in "a program supported with funds under subpart A of this part" is—
  - (i) A paraprofessional in a targeted assisted school who is paid with funds under subpart A of this part;
  - (ii) A paraprofessional in a schoolwide program school; or
  - (iii) A paraprofessional employed by an LEA with funds under subpart A of this part to provide instructional support to a public school teacher covered under § 200.55 who provides equitable services to eligible private school students under § 200.62.

(b) *All paraprofessionals.* A paraprofessional covered under paragraph (a) of this section, regardless of the paraprofessional's hiring date, must have earned a secondary school diploma or its recognized equivalent.

(c) *New paraprofessionals.* A paraprofessional covered under paragraph (a) of this section who is hired after January 8, 2002 must have—

- (1) Completed at least two years of study at an institution of higher education;
- (2) Obtained an associate's or higher degree; or
- (3)
  - (i) Met a rigorous standard of quality, and can demonstrate—through a formal State or local academic assessment— knowledge of, and the ability to assist in instructing, as appropriate—
    - (A) Reading/language arts, writing, and mathematics; or
    - (B) Reading readiness, writing readiness, and mathematics readiness.

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

- (ii) A secondary school diploma or its recognized equivalent is necessary, but not sufficient, to meet the requirement in paragraph (c)(3)(i) of this section.
- (d) *Existing paraprofessionals.* Each paraprofessional who was hired on or before January 8, 2002 must meet the requirements in paragraph (c) of this section no later than January 8, 2006.
- (e) *Exceptions.* A paraprofessional does not need to meet the requirements in paragraph (c) or (d) of this section if the paraprofessional—
  - (1) (i) Is proficient in English and a language other than English; and
  - (ii) Acts as a translator to enhance the participation of limited English proficient children under subpart A of this part; or
  - (2) Has instructional-support duties that consist solely of conducting parental involvement activities."

OMB Circular A-133, Subpart C, section .300 (b) states:

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

The failure to establish an effective internal control system designed to ensure the professional qualification requirements of the Department of Education are met places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements

We recommended that the School Corporation's management establish controls designed to ensure a proper review of qualifications of Title I job applicants.

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

**Mr. Daniel L. Ronk**  
**Superintendent**

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



November 19, 2012

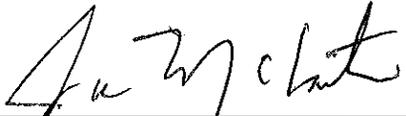
Prior Audit Finding 2010-1, 2010-2, 2010-3, 2010-4

Re: Federal Program: ARRA of 2009  
National School Lunch Program  
Title I Grants to Local Education Agencies

The Rochester Community School Corporation Treasurer confirms that the above prior audit findings has in place an improvement plan.

  
\_\_\_\_\_  
Sheila Howe, Business Manager

  
\_\_\_\_\_  
Mr. Daniel Ronk, Superintendent

  
\_\_\_\_\_  
Mr. Joe McCarter, President, Board of Trustees



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**Corrective Action Plan**

**FINDING 2012-1 - INTERNAL CONTROLS OVER COMPLIANCE  
REQUIREMENTS OF THE CHILD NUTRITION CLUSTER**

Federal Agency: U.S. DEPARTMENT OF AGRICULTURE

Federal Program: Child Nutrition Cluster

CFDA Number: 10.555

Federal Award Number and Year (or Other Identifying Number): School Years 2010-11 & 2011-12

Pass-Through Entity: Indiana Department of Education

The school filed an annual financial report on the school lunch program, as required by the Indiana Department of Education, for the school years of 2010-11 and 2011-12 that did not agree with their financial statements.

The School has failed to establish an internal control structure designed to insure compliance with the reporting requirements of this grant. The failure to establish an effective internal control system places the School at risk of noncompliance with the grant agreement and the compliance requirements and could lead to the misuse and mismanagement of federal funds and assets.

Rochester Community School Corporation has implemented procedures to properly prepare and review of information provided in the school lunch reports.

FINDING 2012-2 - INTERNAL CONTROLS OVER COMPLIANCE  
REQUIREMENTS OF TITLE 1, PART A CLUSTER

Federal Agency: U.S. DEPARTMENT OF EDUCATION

Federal Program: Title 1, Part A Cluster

CFDA Number: 84.010 & 84.389

Federal Award Number and Year (or Other Identifying Number): 2011

Pass-Through Entity: Indiana Department of Education

Management of the Rochester Community School Corporation has not established an effective internal control system designed to insure that Title 1 employees meet the minimum qualifications for employment.

The failure to properly communicate the minimum requirements and monitor the qualifications lead to the Corporation hiring an Aide to assist a Teacher in instructional support for Title 1 students that did not meet the minimum educational requirements established by the Department of Education

Rochester Community School Corporation has established procedures to insure a proper review of qualifications of Title I job applicants.

Signature: Mike Howe

Title: Treasurer

Date: 1-23-13

ROCHESTER COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 23, 2013, with Sheila Howe, Treasurer; Daniel Ronk, Superintendent of Schools; and Donald Meyer, President of the School Board.

ROCHESTER COMMUNITY SCHOOL CORPORATION  
SUMMARY OF CHARGES

	<u>Charges</u>	<u>Credits</u>	<u>Balance Due</u>
John Schneider, former Treasurer:			
Public Works Contract Overpayment, page 33	\$ 3,063.80	\$	\$
Repaid on January 16, 2013		<u>3,063.80</u>	<u>-</u>
Totals	<u>\$ 3,063.80</u>	<u>\$ 3,063.80</u>	<u>\$ -</u>