

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, 2012 to June 30, 2014



FILED
05/29/2015

*Reissued on September 24, 2015, to
correct the Schedule of Expenditures
of Federal Awards and related reports.*

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Shelia Howe	02-28-12 to 09-26-14
	(Vacant)	09-27-14 to 11-23-14
	Sherie Breitenbach	11-24-14 to 12-31-15
Superintendent of Schools	Daniel Ronk	07-01-12 to 06-30-14
	Jana K. Vance	07-01-14 to 06-30-15
President of the School Board	Joseph McCarter	01-01-12 to 12-31-12
	Donald Meyer	01-01-13 to 12-31-13
	Thomas Schwenk	01-01-14 to 12-31-15



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Rochester Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design 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. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a 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 the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance 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, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

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, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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 records 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.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Leases and Debt, and Schedule of Capital Assets, 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.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated April 22, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is August 27, 2015, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

April 22, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is August 27, 2015



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INDEPENDENT AUDITOR'S 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, 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, the financial statement of the Rochester Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated April 22, 2015, except for the Schedule of Expenditures of Federal Awards, as to which the date is August 27, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as items 2014-001 and 2014-002 to be material weaknesses.

INDEPENDENT AUDITOR'S 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 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 item 2014-001.

Rochester Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 22, 2015, except for the Schedule of Expenditures of Federal Awards,
as to which the date is August 27, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 879,410	\$ 11,875,133	\$ 11,994,017	\$ -	\$ 760,526	\$ 11,957,424	\$ 11,714,890	\$ (250,000)	\$ 753,060
Debt Service	1,240,053	2,432,990	2,159,033	-	1,514,010	2,368,330	2,151,977	(193,719)	1,536,644
Retirement/Severance Bond Debt Service	3,686	(3,686)	-	-	-	-	-	-	-
Capital Projects	965,769	1,439,984	1,543,967	-	861,786	1,293,845	1,415,319	-	740,312
School Transportation	442,003	767,028	689,111	-	519,920	988,480	667,927	-	840,473
School Bus Replacement	261,621	206,810	257,292	-	211,139	204,140	140,868	-	274,411
Rainy Day	70,545	-	-	-	70,545	-	-	-	70,545
Construction	-	-	-	-	-	-	1,428,914	5,898,757	4,469,843
School Lunch	450,759	896,760	912,679	-	434,840	846,537	931,936	-	349,441
Textbook Rental	77,439	121,752	158,831	-	40,360	126,562	84,366	-	82,556
Repair and Replacement	326,505	-	-	(300,000)	26,505	-	-	250,000	276,505
Self-Insurance	(158,326)	2,468,457	2,897,218	300,000	(287,087)	1,897,632	1,525,290	-	85,255
Educational License Plates	1,122	244	-	-	1,366	244	-	-	1,610
Northern Indiana Community Foundation	375	-	375	-	-	-	-	-	-
Rochester Royals Donation Fund	-	200	-	-	200	250	-	-	450
Coca-Cola Fund	-	415	-	-	415	362	-	-	777
Transportation/Insurance Fees	-	9,735	-	-	9,735	10,445	9,735	-	10,445
Technology Curricular Materials	-	190	-	-	190	7,245	-	-	7,435
Technology Damage Payments	-	220	-	-	220	(220)	-	-	-
Ivy Tech Facility Rental Payment	-	-	-	-	-	18,747	-	193,719	212,466
Donations	-	2,629	2,025	-	604	2,000	2,000	-	604
RMS PBL	2,416	-	-	-	2,416	-	-	-	2,416
New Tech High Donation Fund	27,126	5,797	20,849	-	12,074	6,254	4,116	-	14,212
Rob Duzan Scholarship Fund	1,546	172	325	-	1,393	147	287	-	1,253
Bill Kurz Scholarship Fund	5,649	972	1,339	-	5,282	1,425	2,170	-	4,537
High School Donations Fund	1,790	-	-	-	1,790	-	-	-	1,790
NTH Fund From Tours	23,404	-	3,333	-	20,071	500	765	-	19,806
G.I.V.E. Local Donations	105	100	-	-	205	-	-	-	205
Admin Donation Fund	875	-	-	-	875	-	-	-	875
Hurricane Education Fund	3,000	-	-	-	3,000	-	-	-	3,000
Gifted and Talented 2009-2010	7,037	-	7,037	-	-	-	-	-	-
High Ability 2010-2011	50	-	50	-	-	-	-	-	-
High Ability 2011-2012	8,371	-	8,371	-	-	-	-	-	-
High Ability 2012-2013	-	31,973	31,973	-	-	-	-	-	-
High Ability 2013-2014	-	-	-	-	-	31,584	29,614	-	1,970
Education Technology	-	-	-	-	-	70,838	70,838	-	-
Medicaid Reimbursement	30,223	83,978	55,811	-	58,390	87,355	51,881	-	93,864

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, 2013 and 2014
(Continued)

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
Homeland Security Safe Schools Grant	-	-	-	-	-	-	6,304	-	(6,304)
NESP 2011-2012	28	-	28	-	-	-	-	-	-
NESP 2012-2013	-	1,697	328	-	1,369	-	1,369	-	-
NESP 2013-2014	-	-	-	-	-	1,908	52	-	1,856
School Technology	7,563	4,143	4,002	-	7,704	5,271	-	-	12,975
Technology Grants [IC 20-40-15]	(37,193)	48,911	11,718	-	-	-	-	-	-
Graduation Rate Performance	11	-	-	-	11	-	-	-	11
North Central Area Co-Op	-	-	5,508	-	(5,508)	6,008	500	-	-
First Robotics 2012	(421)	147	(274)	-	-	-	-	-	-
First Robotics, SY 2012-2013	-	3,300	3,300	-	-	-	-	-	-
RHS Classroom Math	284	-	-	-	284	-	-	-	284
Senator David Ford Technology	-	1,340	1,340	-	-	-	-	-	-
Bond Project 2014 Dues & Fees	-	-	-	-	-	8,102	8,102	-	-
Career Majors Grant	10,377	-	-	-	10,377	-	10,377	-	-
Title I 2011-2012	(30,766)	93,032	62,266	-	-	-	-	-	-
Title I 2012-2013	-	334,862	370,976	-	(36,114)	58,707	23,011	-	(418)
Title I 2013-2014	-	-	-	-	-	271,623	337,290	-	(65,667)
Federal Special Education	(34,593)	91,659	57,066	-	-	-	-	-	-
Special Education Part B 2012-2013	-	201,279	261,868	-	(60,589)	148,167	89,997	-	(2,419)
Federal Special Education Preschool	(1,397)	5,478	4,081	-	-	462	462	-	-
Special Education Preschool 2012-2013	-	7,300	10,111	-	(2,811)	5,199	2,767	-	(379)
Special Education Part B 2013-2014	-	-	-	-	-	97,780	240,799	-	(143,019)
Special Education Preschool 2013-2014	-	-	-	-	-	2,998	11,207	-	(8,209)
Special Education 2013-2014 Professional Development	-	-	-	-	-	3,968	5,115	-	(1,147)
Title V 2007-2008	3,026	-	-	-	3,026	-	-	-	3,026
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	65,800	65,800	-	-	-	-	-	-
Drug Free Schools 2007-2008	5,939	-	5,939	-	-	-	-	-	-
Title II Part A FY 2011	(2,699)	71,261	68,562	-	-	2,090	2,090	-	-
Title II Part A FY 2012	-	5,168	41,049	-	(35,881)	67,954	32,103	-	(30)
Title II Part A 2013-2015	-	-	-	-	-	-	19,500	-	(19,500)
Qualified School Construction Bond	177,283	-	111,878	-	65,405	-	65,405	-	-
Education Jobs	(25,659)	33,150	7,491	-	-	-	-	-	-
Payroll Clearing	64,239	2,814,823	2,803,589	-	75,473	2,697,548	2,688,497	-	84,524
Cafeteria Prepaid Food	8,664	(8,476)	188	-	-	-	-	-	-
Totals	<u>\$ 4,817,239</u>	<u>\$ 24,116,727</u>	<u>\$ 24,640,450</u>	<u>\$ -</u>	<u>\$ 4,293,516</u>	<u>\$ 23,297,911</u>	<u>\$ 23,777,840</u>	<u>\$ 5,898,757</u>	<u>\$ 9,712,344</u>

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 Indiana 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. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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

E. Disbursements

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

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

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing 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
One North Capitol, 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. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' 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
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of entries made when closing a fund into another fund by transferring the fund's positive or negative balance.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2013 or 2014. The School Corporation also maintains a Self-Insurance fund which often has a cash deficit balance due to claims exceeding premiums.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into capital leases 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 years ending June 30, 2013 and 2014, totaled \$1,966,069 and \$1,958,263, respectively.

Note 10. *Other Postemployment Benefits*

The School Corporation provides health insurance to eligible retirees and their spouses. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding the benefit can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

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. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.infonlione.org/>.

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 other 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, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 879,410	\$ 1,240,053	\$ 3,686	\$ 965,769	\$ 442,003	\$ 261,621	\$ 70,545	\$ -	\$ 450,759
Receipts:									
Local sources	173,864	2,132,134	(3,686)	1,439,984	761,485	206,810	-	-	354,359
Intermediate sources	445	-	-	-	-	-	-	-	-
State sources	11,693,446	-	-	-	-	-	-	-	9,683
Federal sources	7,378	300,856	-	-	-	-	-	-	532,718
Other	-	-	-	-	5,543	-	-	-	-
Total receipts	11,875,133	2,432,990	(3,686)	1,439,984	767,028	206,810	-	-	896,760
Disbursements:									
Current:									
Instruction	8,237,937	-	-	-	-	-	-	-	-
Support services	3,664,884	-	-	1,241,776	689,111	257,292	-	-	624
Noninstructional services	91,196	-	-	-	-	-	-	-	912,055
Facilities acquisition and construction	-	-	-	264,466	-	-	-	-	-
Debt services	-	2,159,033	-	37,725	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,994,017	2,159,033	-	1,543,967	689,111	257,292	-	-	912,679
Excess (deficiency) of receipts over disbursements	(118,884)	273,957	(3,686)	(103,983)	77,917	(50,482)	-	-	(15,919)
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	(118,884)	273,957	(3,686)	(103,983)	77,917	(50,482)	-	-	(15,919)
Cash and investments - ending	\$ 760,526	\$ 1,514,010	\$ -	\$ 861,786	\$ 519,920	\$ 211,139	\$ 70,545	\$ -	\$ 434,840

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, 2013
 (Continued)

	Textbook Rental	Repair and Replacement	Self- Insurance	Educational License Plates	Northern Indiana Community Foundation	Rochester Royals Donation Fund	Coca-Cola Fund	Transportation/ Insurance Fees	Technology Curricular Materials
Cash and investments - beginning	\$ 77,439	\$ 326,505	\$ (158,326)	\$ 1,122	\$ 375	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	48,867	-	2,468,457	-	-	200	415	9,735	190
Intermediate sources	-	-	-	244	-	-	-	-	-
State sources	72,885	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	121,752	-	2,468,457	244	-	200	415	9,735	190
Disbursements:									
Current:									
Instruction	-	-	-	-	375	-	-	-	-
Support services	158,831	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	2,897,218	-	-	-	-	-	-
Total disbursements	158,831	-	2,897,218	-	375	-	-	-	-
Excess (deficiency) of receipts over disbursements	(37,079)	-	(428,761)	244	(375)	200	415	9,735	190
Other financing sources (uses):									
Transfers in	-	-	300,000	-	-	-	-	-	-
Transfers out	-	(300,000)	-	-	-	-	-	-	-
Total other financing sources (uses)	-	(300,000)	300,000	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,079)	(300,000)	(128,761)	244	(375)	200	415	9,735	190
Cash and investments - ending	\$ 40,360	\$ 26,505	\$ (287,087)	\$ 1,366	\$ -	\$ 200	\$ 415	\$ 9,735	\$ 190

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, 2013
 (Continued)

	Technology Damage Payments	Ivy Tech Facility Rental Payment	Donations	RMS PBL	New Tech High Donation Fund	Rob Duzan Scholarship Fund	Bill Kurz Scholarship Fund	High School Donations Fund	NTH Fund From Tours
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,416	\$ 27,126	\$ 1,546	\$ 5,649	\$ 1,790	\$ 23,404
Receipts:									
Local sources	220	-	2,629	-	-	172	972	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	5,797	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	220	-	2,629	-	5,797	172	972	-	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	2,025	-	20,849	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	325	1,339	-	3,333
Total disbursements	-	-	2,025	-	20,849	325	1,339	-	3,333
Excess (deficiency) of receipts over disbursements	220	-	604	-	(15,052)	(153)	(367)	-	(3,333)
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	220	-	604	-	(15,052)	(153)	(367)	-	(3,333)
Cash and investments - ending	\$ 220	\$ -	\$ 604	\$ 2,416	\$ 12,074	\$ 1,393	\$ 5,282	\$ 1,790	\$ 20,071

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, 2013
 (Continued)

	G.I.V.E. Local Donations	Admin Donation Fund	Hurricane Education Fund	Gifted and Talented 2009-2010	High Ability 2010-2011	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Education Technology
Cash and investments - beginning	\$ 105	\$ 875	\$ 3,000	\$ 7,037	\$ 50	\$ 8,371	\$ -	\$ -	\$ -
Receipts:									
Local sources	100	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	31,973	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	100	-	-	-	-	-	31,973	-	-
Disbursements:									
Current:									
Instruction	-	-	-	7,037	50	1,146	31,973	-	-
Support services	-	-	-	-	-	7,225	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	7,037	50	8,371	31,973	-	-
Excess (deficiency) of receipts over disbursements	100	-	-	(7,037)	(50)	(8,371)	-	-	-
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	100	-	-	(7,037)	(50)	(8,371)	-	-	-
Cash and investments - ending	\$ 205	\$ 875	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2013
 (Continued)

	Medicaid Reimbursement	Homeland Security Safe Schools Grant	NESP 2011-2012	NESP 2012-2013	NESP 2013-2014	School Technology	Technology Grants [IC 20-40-15]	Graduation Rate Performance	North Central Area Co-Op
Cash and investments - beginning	\$ 30,223	\$ -	\$ 28	\$ -	\$ -	\$ 7,563	\$ (37,193)	\$ 11	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	1,697	-	4,143	48,911	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	83,978	-	-	-	-	-	-	-	-
Total receipts	83,978	-	-	1,697	-	4,143	48,911	-	-
Disbursements:									
Current:									
Instruction	49,452	-	28	328	-	-	-	-	5,508
Support services	6,359	-	-	-	-	4,002	167	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	11,551	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	55,811	-	28	328	-	4,002	11,718	-	5,508
Excess (deficiency) of receipts over disbursements	28,167	-	(28)	1,369	-	141	37,193	-	(5,508)
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	28,167	-	(28)	1,369	-	141	37,193	-	(5,508)
Cash and investments - ending	\$ 58,390	\$ -	\$ -	\$ 1,369	\$ -	\$ 7,704	\$ -	\$ 11	\$ (5,508)

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, 2013
 (Continued)

	First Robotics 2012	First Robotics SY 2012-2013	RHS Classroom Math	Senator David Ford Technology	Bond Project 2014 Dues & Fees	Career Majors Grant	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014
Cash and investments - beginning	\$ (421)	\$ -	\$ 284	\$ -	\$ -	\$ 10,377	\$ (30,766)	\$ -	\$ -
Receipts:									
Local sources	147	3,300	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	1,340	-	-	-	-	-
Federal sources	-	-	-	-	-	-	93,032	334,862	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	147	3,300	-	1,340	-	-	93,032	334,862	-
Disbursements:									
Current:									
Instruction	(274)	3,300	-	-	-	-	62,266	353,990	-
Support services	-	-	-	1,340	-	-	-	16,386	-
Noninstructional services	-	-	-	-	-	-	-	600	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	(274)	3,300	-	1,340	-	-	62,266	370,976	-
Excess (deficiency) of receipts over disbursements	421	-	-	-	-	-	30,766	(36,114)	-
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	421	-	-	-	-	-	30,766	(36,114)	-
Cash and investments - ending	\$ -	\$ -	\$ 284	\$ -	\$ -	\$ 10,377	\$ -	\$ (36,114)	\$ -

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, 2013
 (Continued)

	Federal Special Education	Special Education Part B 2012-2013	Federal Special Education Preschool	Special Education Preschool 2012-2013	Special Education Part B 2013-2014	Special Education Preschool 2013-2014	Special Education 2013-2014 Professional Development	Title V 2007-2008	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ (34,593)	\$ -	\$ (1,397)	\$ -	\$ -	\$ -	\$ -	\$ 3,026	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	91,659	201,279	5,478	7,300	-	-	-	-	65,800
Other	-	-	-	-	-	-	-	-	-
Total receipts	91,659	201,279	5,478	7,300	-	-	-	-	65,800
Disbursements:									
Current:									
Instruction	-	5,132	4,081	10,111	-	-	-	-	39,035
Support services	57,066	256,736	-	-	-	-	-	-	26,765
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	57,066	261,868	4,081	10,111	-	-	-	-	65,800
Excess (deficiency) of receipts over disbursements	34,593	(60,589)	1,397	(2,811)	-	-	-	-	-
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	34,593	(60,589)	1,397	(2,811)	-	-	-	-	-
Cash and investments - ending	\$ -	\$ (60,589)	\$ -	\$ (2,811)	\$ -	\$ -	\$ -	\$ 3,026	\$ -

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, 2013
 (Continued)

	Drug Free Schools 2007-2008	Title II Part A FY 2011	Title II Part A FY 2012	Title II Part A 2013-2015	Qualified School Construction Bond	Education Jobs	Payroll Clearing	Cafeteria Prepaid Food	Totals
Cash and investments - beginning	\$ 5,939	\$ (2,699)	\$ -	\$ -	\$ 177,283	\$ (25,659)	\$ 64,239	\$ 8,664	\$ 4,817,239
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,600,354
Intermediate sources	-	-	-	-	-	-	-	-	689
State sources	-	-	-	-	-	-	-	-	11,869,875
Federal sources	-	71,261	5,168	-	-	33,150	-	-	1,749,941
Other	-	-	-	-	-	-	2,814,823	(8,476)	2,895,868
Total receipts	-	71,261	5,168	-	-	33,150	2,814,823	(8,476)	24,116,727
Disbursements:									
Current:									
Instruction	-	-	-	-	-	7,491	-	-	8,818,966
Support services	5,939	68,562	41,049	-	-	-	-	-	6,526,988
Noninstructional services	-	-	-	-	-	-	-	-	1,003,851
Facilities acquisition and construction	-	-	-	-	111,878	-	-	-	387,895
Debt services	-	-	-	-	-	-	-	-	2,196,758
Nonprogrammed charges	-	-	-	-	-	-	2,803,589	188	5,705,992
Total disbursements	5,939	68,562	41,049	-	111,878	7,491	2,803,589	188	24,640,450
Excess (deficiency) of receipts over disbursements	(5,939)	2,699	(35,881)	-	(111,878)	25,659	11,234	(8,664)	(523,723)
Other financing sources (uses):									
Transfers in	-	-	-	-	-	-	-	-	300,000
Transfers out	-	-	-	-	-	-	-	-	(300,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,939)	2,699	(35,881)	-	(111,878)	25,659	11,234	(8,664)	(523,723)
Cash and investments - ending	\$ -	\$ -	\$ (35,881)	\$ -	\$ 65,405	\$ -	\$ 75,473	\$ -	\$ 4,293,516

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, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	School Lunch
Cash and investments - beginning	\$ 760,526	\$ 1,514,010	\$ -	\$ 861,786	\$ 519,920	\$ 211,139	\$ 70,545	\$ -	\$ 434,840
Receipts:									
Local sources	187,776	2,192,165	-	1,293,845	988,480	204,140	-	-	338,853
Intermediate sources	445	-	-	-	-	-	-	-	-
State sources	11,761,825	-	-	-	-	-	-	-	9,460
Federal sources	7,378	176,165	-	-	-	-	-	-	498,224
Other	-	-	-	-	-	-	-	-	-
Total receipts	11,957,424	2,368,330	-	1,293,845	988,480	204,140	-	-	846,537
Disbursements:									
Current:									
Instruction	7,899,407	-	-	-	-	-	-	-	-
Support services	3,701,382	-	-	1,053,778	667,927	140,868	-	9,004	2,004
Noninstructional services	114,101	-	-	-	-	-	-	-	929,932
Facilities acquisition and construction	-	-	-	309,474	-	-	-	1,419,910	-
Debt services	-	2,151,977	-	52,067	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	11,714,890	2,151,977	-	1,415,319	667,927	140,868	-	1,428,914	931,936
Excess (deficiency) of receipts over disbursements	242,534	216,353	-	(121,474)	320,553	63,272	-	(1,428,914)	(85,399)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	5,898,757	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(250,000)	(193,719)	-	-	-	-	-	-	-
Total other financing sources (uses)	(250,000)	(193,719)	-	-	-	-	-	5,898,757	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,466)	22,634	-	(121,474)	320,553	63,272	-	4,469,843	(85,399)
Cash and investments - ending	\$ 753,060	\$ 1,536,644	\$ -	\$ 740,312	\$ 840,473	\$ 274,411	\$ 70,545	\$ 4,469,843	\$ 349,441

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, 2014
 (Continued)

	Textbook Rental	Repair and Replacement	Self- Insurance	Educational License Plates	Northern Indiana Community Foundation	Rochester Royals Donation Fund	Coca-Cola Fund	Transportation/ Insurance Fees	Technology Curricular Materials
Cash and investments - beginning	\$ 40,360	\$ 26,505	\$ (287,087)	\$ 1,366	\$ -	\$ 200	\$ 415	\$ 9,735	\$ 190
Receipts:									
Local sources	52,353	-	1,897,632	-	-	250	362	10,445	7,245
Intermediate sources	-	-	-	244	-	-	-	-	-
State sources	74,209	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>126,562</u>	<u>-</u>	<u>1,897,632</u>	<u>244</u>	<u>-</u>	<u>250</u>	<u>362</u>	<u>10,445</u>	<u>7,245</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	84,366	-	-	-	-	-	-	9,735	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	1,525,290	-	-	-	-	-	-
Total disbursements	<u>84,366</u>	<u>-</u>	<u>1,525,290</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>9,735</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>42,196</u>	<u>-</u>	<u>372,342</u>	<u>244</u>	<u>-</u>	<u>250</u>	<u>362</u>	<u>710</u>	<u>7,245</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	250,000	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>250,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>42,196</u>	<u>250,000</u>	<u>372,342</u>	<u>244</u>	<u>-</u>	<u>250</u>	<u>362</u>	<u>710</u>	<u>7,245</u>
Cash and investments - ending	<u>\$ 82,556</u>	<u>\$ 276,505</u>	<u>\$ 85,255</u>	<u>\$ 1,610</u>	<u>\$ -</u>	<u>\$ 450</u>	<u>\$ 777</u>	<u>\$ 10,445</u>	<u>\$ 7,435</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, 2014
 (Continued)

	Technology Damage Payments	Ivy Tech Facility Rental Payment	Donations	RMS PBL	New Tech High Donation Fund	Rob Duzan Scholarship Fund	Bill Kurz Scholarship Fund	High School Donations Fund	NTH Fund From Tours
Cash and investments - beginning	\$ 220	\$ -	\$ 604	\$ 2,416	\$ 12,074	\$ 1,393	\$ 5,282	\$ 1,790	\$ 20,071
Receipts:									
Local sources	(220)	18,747	2,000	-	-	147	1,425	-	500
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	6,254	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	(220)	18,747	2,000	-	6,254	147	1,425	-	500
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	-
Support services	-	-	2,000	-	4,116	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	287	2,170	-	765
Total disbursements	-	-	2,000	-	4,116	287	2,170	-	765
Excess (deficiency) of receipts over disbursements	(220)	18,747	-	-	2,138	(140)	(745)	-	(265)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	193,719	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	193,719	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(220)	212,466	-	-	2,138	(140)	(745)	-	(265)
Cash and investments - ending	\$ -	\$ 212,466	\$ 604	\$ 2,416	\$ 14,212	\$ 1,253	\$ 4,537	\$ 1,790	\$ 19,806

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, 2014
 (Continued)

	G.I.V.E. Local Donations	Admin Donation Fund	Hurricane Education Fund	Gifted and Talented 2009-2010	High Ability 2010-2011	High Ability 2011-2012	High Ability 2012-2013	High Ability 2013-2014	Education Technology
Cash and investments - beginning	\$ 205	\$ 875	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	31,584	70,838
Federal sources	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-	-	31,584	70,838
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	29,614	-
Support services	-	-	-	-	-	-	-	-	70,838
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	-	-	-	29,614	70,838
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	-	-	1,970	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	-	-	1,970	-
Cash and investments - ending	\$ 205	\$ 875	\$ 3,000	\$ -	\$ -	\$ -	\$ -	\$ 1,970	\$ -

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, 2014
 (Continued)

	Medicaid Reimbursement	Homeland Security Safe Schools Grant	NESP 2011-2012	NESP 2012-2013	NESP 2013-2014	School Technology	Technology Grants [IC 20-40-15]	Graduation Rate Performance	North Central Area Co-Op
Cash and investments - beginning	\$ 58,390	\$ -	\$ -	\$ 1,369	\$ -	\$ 7,704	\$ -	\$ 11	\$ (5,508)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	6,008
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	1,908	5,271	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Other	87,355	-	-	-	-	-	-	-	-
Total receipts	87,355	-	-	-	1,908	5,271	-	-	6,008
Disbursements:									
Current:									
Instruction	49,821	-	-	1,369	52	-	-	-	500
Support services	2,060	6,304	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	51,881	6,304	-	1,369	52	-	-	-	500
Excess (deficiency) of receipts over disbursements	35,474	(6,304)	-	(1,369)	1,856	5,271	-	-	5,508
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,474	(6,304)	-	(1,369)	1,856	5,271	-	-	5,508
Cash and investments - ending	\$ 93,864	\$ (6,304)	\$ -	\$ -	\$ 1,856	\$ 12,975	\$ -	\$ 11	\$ -

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, 2014
 (Continued)

	First Robotics 2012	First Robotics SY 2012-2013	RHS Classroom Math	Senator David Ford Technology	Bond Project 2014 Dues & Fees	Career Majors Grant	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014
Cash and investments - beginning	\$ -	\$ -	\$ 284	\$ -	\$ -	\$ 10,377	\$ -	\$ (36,114)	\$ -
Receipts:									
Local sources	-	-	-	-	8,102	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	58,707	271,623	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	8,102	-	58,707	271,623	-
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	20,977	318,118	-
Support services	-	-	-	-	-	10,377	2,034	19,172	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	8,102	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	8,102	10,377	23,011	337,290	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(10,377)	35,696	(65,667)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(10,377)	35,696	(65,667)	-
Cash and investments - ending	\$ -	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ -	\$ (418)	\$ (65,667)

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, 2014
 (Continued)

	Federal Special Education	Special Education Part B 2012-2013	Federal Special Education Preschool	Special Education Preschool 2012-2013	Special Education Part B 2013-2014	Special Education Preschool 2013-2014	Special Education 2013-2014 Professional Development	Title V 2007-2008	(IDEA, Part B) LEA Capacity Building (Sliver) Grants
Cash and investments - beginning	\$ -	\$ (60,589)	\$ -	\$ (2,811)	\$ -	\$ -	\$ -	\$ 3,026	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	148,167	462	5,199	97,780	2,998	3,968	-	-
Other	-	-	-	-	-	-	-	-	-
Total receipts	-	148,167	462	5,199	97,780	2,998	3,968	-	-
Disbursements:									
Current:									
Instruction	-	4,455	462	2,767	1,993	11,207	-	-	-
Support services	-	85,542	-	-	238,806	-	5,115	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	89,997	462	2,767	240,799	11,207	5,115	-	-
Excess (deficiency) of receipts over disbursements	-	58,170	-	2,432	(143,019)	(8,209)	(1,147)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	58,170	-	2,432	(143,019)	(8,209)	(1,147)	-	-
Cash and investments - ending	\$ -	\$ (2,419)	\$ -	\$ (379)	\$ (143,019)	\$ (8,209)	\$ (1,147)	\$ 3,026	\$ -

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, 2014
 (Continued)

	Drug Free Schools 2007-2008	Title II Part A FY 2011	Title II Part A FY 2012	Title II Part A 2013-2015	Qualified School Construction Bond	Education Jobs	Payroll Clearing	Cafeteria Prepaid Food	Totals
Cash and investments - beginning	\$ -	\$ -	\$ (35,881)	\$ -	\$ 65,405	\$ -	\$ 75,473	\$ -	\$ 4,293,516
Receipts:									
Local sources	-	-	-	-	-	-	-	-	7,210,255
Intermediate sources	-	-	-	-	-	-	-	-	689
State sources	-	-	-	-	-	-	-	-	11,961,349
Federal sources	-	2,090	67,954	-	-	-	-	-	1,340,715
Other	-	-	-	-	-	-	2,697,548	-	2,784,903
Total receipts	-	2,090	67,954	-	-	-	2,697,548	-	23,297,911
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	8,340,742
Support services	-	2,090	32,103	19,500	-	-	-	-	6,169,121
Noninstructional services	-	-	-	-	-	-	-	-	1,044,033
Facilities acquisition and construction	-	-	-	-	65,405	-	-	-	1,802,891
Debt services	-	-	-	-	-	-	-	-	2,204,044
Nonprogrammed charges	-	-	-	-	-	-	2,688,497	-	4,217,009
Total disbursements	-	2,090	32,103	19,500	65,405	-	2,688,497	-	23,777,840
Excess (deficiency) of receipts over disbursements	-	-	35,851	(19,500)	(65,405)	-	9,051	-	(479,929)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	5,898,757
Transfers in	-	-	-	-	-	-	-	-	443,719
Transfers out	-	-	-	-	-	-	-	-	(443,719)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	5,898,757
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	35,851	(19,500)	(65,405)	-	9,051	-	5,418,828
Cash and investments - ending	\$ -	\$ -	\$ (30)	\$ (19,500)	\$ -	\$ -	\$ 84,524	\$ -	\$ 9,712,344

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Rochester Multi-School Building Corporation	2006 Bonds	\$ 1,041,000	12/31/2006	12/31/2017
Rochester Multi-School Building Corporation	2008 Bonds	723,500	3/30/2008	6/30/2019
Rochester Multi-School Building Corporation	2010 Bond	190,000	6/30/2011	12/30/2019
Rochester Multi-School Building Corporation	2014 Bonds	<u>348,500</u>	6/30/2015	12/31/2028
Total of annual lease payments		<u>\$ 2,303,000</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	2010 QSB	\$ 1,647,820	\$ 93,102
General obligation bonds	2011 QSB	1,970,000	99,862
Notes and loans payable	Common School Loan #A1773-Technology	<u>70,838</u>	<u>35,827</u>
Totals		<u>\$ 3,688,658</u>	<u>\$ 228,791</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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>Ending Balance</u>
Governmental activities:	
Land	\$ 537,600
Buildings	76,048,000
Machinery, equipment, and vehicles	174,111,144
Books and other	<u>834,203</u>
Total capital assets	<u>\$ 251,530,947</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

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, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance 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, 2012 to June 30, 2014.

NDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Report on Internal Control Over Compliance


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

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance 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. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-003, 2014-004, and 2014-005 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

April 22, 2015

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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.

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ROCHESTER COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>U.S. Department of Agriculture</u>					
Child Nutrition Cluster	Indiana Department of Education				
School Breakfast Program		10.553	FY 2013, FY 2014	\$ 85,294	\$ 77,103
National School Lunch Program		10.555	FY 2013, FY 2014	500,801	472,053
Summer Food Service Program for Children		10.559	FY 2013, FY 2014	15,984	16,333
Total for federal grantor agency				<u>602,079</u>	<u>565,489</u>
<u>U.S. Department of Education</u>					
Title I, Part A Cluster	Indiana Department of Education				
Title I Grants to Local Educational Agencies		84.010	2011-12	93,032	-
			2012-13	334,862	58,708
			2013-14	-	271,623
Total for cluster				<u>427,894</u>	<u>330,331</u>
<u>Special Education Cluster (IDEA)</u>					
Special Education - Grants to States	Indiana Department of Education	84.027	2011-12	91,659	-
			2012-13	201,279	148,167
			2013-14	-	97,780
Special Education Improvement Award	Indiana Department of Education		2012	65,800	-
Total for program				<u>358,738</u>	<u>245,947</u>
Special Education - Preschool Grants	Indiana Department of Education	84.173	2011-12	5,478	462
			2012-13	7,300	5,199
			2013-14	-	2,998
Total for program				<u>12,778</u>	<u>8,659</u>
Total for cluster				<u>371,516</u>	<u>254,606</u>
<u>Career and Technical Education - Basic Grants to States</u>					
Perkins Grant - Career Specialist Aides	Culver Community School Corporation	84.048	2012-13, 2013-14	7,378	7,378
<u>Special Education - Personnel Development to Improve Services and Results for Children with Disabilities</u>					
Improving Teacher Quality State Grants	Warsaw Community School Corporation	84.325	2013-14	-	3,968
<u>Improving Teacher Quality State Grants</u>					
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	2011-12	71,261	2,090
			2012-13	5,168	67,954
Total for program				<u>76,429</u>	<u>70,044</u>
Education Jobs Fund	Indiana Department of Education	84.410	FY 2013	33,150	-
Total for federal grantor agency				<u>916,367</u>	<u>666,327</u>
<u>U.S. Department of Health and Human Services</u>					
Preventive Health and Health Services Block Grant	Indiana Department of Education	93.991	FY 2014	-	100
Total federal awards expended				<u>\$ 1,518,446</u>	<u>\$ 1,231,916</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 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 5-11-1-25), 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, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 65,403	\$ 67,255

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; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____ Name of Federal Program or Cluster _____

Child Nutrition Cluster
Title I, Part A Cluster
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

Section II - Financial Statement Findings

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a system of internal controls in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected. The Treasurer independently prepares the SEFA without oversight, review, or approval.

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

During the audit of the SEFA, we noted that CFDA numbers were not included, grants passed-through a state or local agency were reported as grants directly from a federal agency, three state grants were included, and several federal grants were either incomplete or omitted, such as the programs in the Child Nutrition Cluster, which understated the SEFA by \$279,196 for the audit period. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

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

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

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states in part:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available."

FINDING 2014-002 - INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted the deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation has not separated incompatible activities related to Cash and Investments and Receipts. The Treasurer receives cash, posts cash transactions to the ledger, prepares

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

the deposit slip, takes the deposit to the bank, and prepares the monthly reconciliements of the financial record balance to the bank balance. A monitoring or review process has not been established to ensure monthly reconciliements or the receipt transactions were properly completed. There is no segregation of duties, including no oversight, review, or approval process. The failure to establish these controls could enable material misstatements or irregularities to go undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-003 - INTERNAL CONTROLS OVER THE SCHOOL BREAKFAST PROGRAM, THE NATIONAL SCHOOL LUNCH PROGRAM, AND THE SUMMER FOOD SERVICE PROGRAM FOR CHILDREN

Federal Agency: U.S. Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Years: FY2013, FY2014
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and several of the compliance requirements that have a direct and material effect on the programs. This includes the compliance requirements for Cash Management, Eligibility, Equipment and Real Property Management, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Applications. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Cash Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the School Lunch fund monthly cash balances were in compliance with the Cash Management requirements. A monitoring or review process has not been established to ensure that the School Lunch fund's net cash resources are limited to three months' average expenditures in compliance with Cash Management requirements.

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

Eligibility

The School Corporation has not designed or implemented adequate policies and procedures to ensure that free and reduced meal applications are accurately determined. Currently, the application information is entered into the food service software which automatically made the determination dependent on the information entered into the software. There was no segregation of duties, such as oversight, review, or approval process to ensure that the information entered into the food service software is correct.

Equipment and Real Property Management

The School Corporation has not designed or implemented adequate policies and procedures to ensure that capital assets purchased with federal funds were recorded in compliance with the Equipment and Real Property Management requirements. There was no monitoring procedure to ensure that assets were properly recorded as purchased with federal funds.

Reporting

The School Corporation has not designed or implemented adequate policies and procedures to ensure that required reports are accurately prepared and submitted. The monthly reimbursement request is independently prepared by the Food Service Director and submitted electronically via the Indiana Department of Education's website. This report was not subjected to review prior to submission. The Food Service Director also submitted the Annual Financial Report which was not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with the Reporting requirements.

Special Tests and Provisions - Verification of Free and Reduced Applications

The School Corporation has not designed or implemented adequate policies and procedures to ensure that the verification of free and reduced meal applications are subjected to review after the initial eligibility determination. The applications are entered into the software for eligibility determination which automatically makes the determination dependent on the information entered into the system. There was no segregation of duties, such as an oversight, review, or approval process to ensure that the verification information entered into the food service software was correct.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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."

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

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the programs.

***FINDING 2014-004 - INTERNAL CONTROLS OVER THE
TITLE I GRANTS TO LOCAL EDUCATIONAL AGENCIES***

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Years: 2011-12, 2012-13, 2013-14
Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared and submitted or that expenditures submitted for reimbursement were paid prior to the request. Requests for reimbursements were independently prepared by the Treasurer and properly filed with Indiana Department of Education. The reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process over compliance with Cash Management and Reporting requirements.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement, or a type of compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis.

OMB Circular A-133, Subpart C, section .300 states in part:

"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 internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements that have a direct and material effect to the program could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect to the program.

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

**FINDING 2004-005 - INTERNAL CONTROLS OVER THE SPECIAL EDUCATION -
GRANTS TO STATES AND SPECIAL EDUCATION - PRESCHOOL GRANTS**

Federal Agency: U.S. Department of Education

Federal Programs: Special Education - Grants to States, Special Education - Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Years: 2011-12, 2012-13, 2013-14, 2012

Pass-Through Entities: Warsaw Community School Corporation, Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the Cash Management and Reporting compliance requirements. 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. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

The School Corporation has not designed or implemented adequate policies or procedures to ensure that required reports were accurately prepared and submitted or that expenditures submitted for reimbursement were paid prior to the request. Requests for reimbursements were independently prepared by the Treasurer and properly filed with Indiana Department of Education. The reports were not subjected to review prior to submission. There was no segregation of duties, such as an oversight, review, or approval process to ensure compliance with Cash Management and Reporting requirements.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place as well as having a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"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 internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation establish controls, including segregation of duties, related to the grant agreement and the compliance requirements that have a direct and material effect on the programs.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



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

Jana K. Vance
Superintendent

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

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2012-1 – INTERNAL CONTROLS OVER COMPLIANCE

Original Assigned SBA Audit Report Number: 10.555

Report Period: July 1, 2010 to June 30, 2012

Pass-Through Entity or Federal Grantor Agency: U.S. DEPARTMENT OF AGRICULTURE

Contact Person Responsible for Corrective Action: Sherie Breitenbach

Contact Phone Number: 574-223-2159

Status of Audit Finding: Rochester Community Schools Corporation has implemented procedures to properly prepare and review of information provided in the school lunch reports.

We have a new Business Manager who started on November 24, 2015 and a new Food Service Director who started January 2, 2015.

We have put into place starting in February of 2015 a procedure that the Food Service Director has the Business Manager check before the report is to be sent. Each month the Food Service Director and Business Manager meet and go over the financial and budget to make sure they agree.



(Signature)

Business Manager/Treasurer

(Title)

March 20, 2015

(Date)



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Superintendent

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

**FINDING 2012-2 – INTERNAL CONTROLS OVER COMPLIANCE REQUIREMENTS OF
TITLE I, PART A CLUSTER**

Original Assigned SBA Audit Report Number: 84.010 & 84.389

Report Period: July 1, 2010 to June 30, 2012

Pass-Through Entity or Federal Grantor Agency: U.S. DEPARTMENT OF EDUCATION

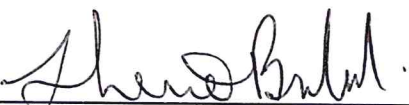
Contact Person Responsible for Corrective Action: Sherie Breitenbach

Contact Phone Number: 574-223-2159

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

We have a new Business Manager who started on November 24, 2015, Title I Coordinator, and Payroll/Human Resource.

We have put into place starting March 23, 2015 a procedure that the Payroll/Human Resource works with the Title I Coordinator on each new hire that we have all the proper paperwork in the employee file. The Title I Coordinator is to make sure the Teacher and Aide meet all the requirements before hiring.



(Signature)

Business Manager/Treasurer

(Title)

March 20, 2015

(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-001

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls in preparing the Schedule of Federal Awards (SEFA). Clarification regarding the preparation of the SEFA report was obtained from the auditors. Future reports will be prepared by the Deputy Treasurer at the end of each fiscal period. The report along with the applicable financial documentation will be submitted to the Treasurer for review. The completed SEFA report will be maintained in our files and will be available during the next audit as required.

Anticipated Completion Date: This corrective action will immediately be put into place.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-002

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over financial transactions and reporting. Duties of the Treasurer and Deputy Treasurer have been amended and are being overseen as follows in order to provide a greater level of internal control as it relates to receipts, cash, and investment balances. If Deputy Treasurer prepares deposit ticket. Deposit ticket is physically verified (total, number of items, and item format) by the financial department assistant or by the Treasurer prior to deposit being made at the bank. Verification is noted by initialing the deposit ticket and the receipt edit report after Deputy Treasurer processes the receipts. If Treasurer prepares deposit ticket. Deposit ticket is physically verified (total, number of items, and item format) by the financial department assistant or by the Deputy Treasurer prior to deposit being made at the bank. Verification is noted by initialing the deposit ticket and the receipt edit report after Treasurer processes the receipts. Bank reconciliations and investment reports prepared by the Treasurer are being reviewed by Deputy Treasurer and such review is verified by Deputy Treasurer initials and date. Financial statements are prepared through computer financial software program. Upon completion of processing such reports are reviewed by the Treasurer. Financial reports are prepared for Board of School Trustees by Deputy Treasurer and Treasurer. And, Board of School Trustees approves said reports as part of the monthly board meeting consent agenda.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact the duties had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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Superintendent

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CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over the school breakfast program, the national school lunch program and the summer food service program for children. Clarification regarding procedure for reporting funding of capital assets purchased with federal funds has been reviewed with central office staff responsible for keeping up to date with capital assets software. Adding the federal fund the asset was purchased from. The Food Service Director will maintain a file with free/reduced lunch applications, online free/reduced application submissions, and direct certification verifications as required. The Food Service Director will have the applications reviewed by the Deputy Treasurer or Treasurer before they are sent. The Food Service Director will give monthly reports of reimbursement from the state to the Treasurer. The Treasurer each month gives food service reports to Food Service Director to compare with food service reports. The Treasurer and Food Service Director work together to monitor food service budget. All reports are to be initiated by the Treasurer and Food Service Director.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact the procedures had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-22-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

The Rochester Community School Corporation will take steps to improve the internal controls over the Title I Grants to Local Educational Agencies. Business office staff will review grant accounting records to note if items charged to the grant appear to be consistent with the approved grant budgets. Fiscal grant reports and reimbursement requests will be prepared, verified, and signed by the Treasurer. The Deputy Treasurer will verify and sign all fiscal grant reports and reimbursement requests. After each payroll a payroll distribution report is sent to the Title I coordinator to view and sign. After signed the report is sent back to the Business office to go into the grant file.

The Title I coordinator and Riddle principal will work with relevant Title I staff to submit accurate and verified comparability reports and documentation. The Title I Coordinator will adhere to the deadlines for submission laid out in the grant agreement to ensure the reports are submitted in a timely manner.

Anticipated Completion Date: This corrective action will immediately be put into place; in fact some of the procedures had changed during the audit process.

Sherie Breitenbach
(Signature)

Business Manager/Treasurer
(Title)

4-18-15
(Date)



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CORRECTIVE ACTION PLAN

FINDING 2014-005

Contact Person Responsible for Corrective Action:
Sherie Breitenbach, Business Manager/Treasurer

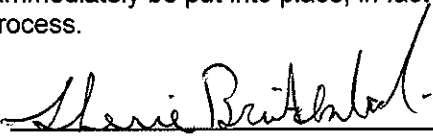
Contact Phone Number:
574-223-2159

Description of Corrective Action Plan:

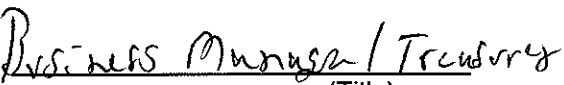
The Rochester Community School Corporation will take steps to improve the internal controls over the Special Education_ Grants to States and Special Education_ Preschool Grants. Business office staff will review grant accounting records to note if items charged to the grant appear to be consistent with the approved grant budgets. Fiscal grant reports and reimbursement requests will be prepared, verified, and signed by the Treasurer. The Deputy Treasurer will verify and sign all fiscal grant reports and reimbursement requests. After each payroll a payroll distribution report is sent to the Director of Student Support Services to view and sign. After signed the report is sent back to the Business office to go into the grant file.

The Director of Student Support Services will work with relevant special education staff to submit accurate and verified comparability reports and documentation. The Director of Student Support Services will adhere to the deadlines for submission laid out in the grant agreement to ensure the reports are submitted in a timely manner.

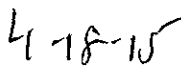
Anticipated Completion Date: This corrective action will immediately be put into place; in fact some of the procedures had changed during the audit process.



(Signature)



(Title)



(Date)

OTHER REPORT

In addition to this report, a Supplemental Compliance Report has been issued for the School Corporation. That report can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.