

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, 2016 to June 30, 2018



FILED
04/03/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Valerie Gillespie	07-01-16 to 06-30-18
	Denise Chandler	07-01-18 to 07-16-18
	Todd VanDerWeele	07-17-18 to 12-31-19
Superintendent of Schools	Jana K. Vance	07-01-16 to 12-31-19
President of the School Board	Thomas L. Schwenk	01-01-16 to 12-31-16
	John Bradley Weaver	01-01-17 to 12-31-18
	Thomas L. Schwenk	01-01-19 to 12-31-19



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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, 2016 to June 30, 2018, and the related notes to the financial statement as listed in the Table of Contents.

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 from 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 to 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, 2016 to June 30, 2018.

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, 2016 to June 30, 2018, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 Payables and Receivables, 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 March 14, 2019, 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 solely 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 effectiveness of the School Corporation's 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

March 14, 2019



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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, 2016 to June 30, 2018, and the related notes to the financial statement, and have issued our report thereon dated March 14, 2019, 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.

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 School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs as items 2018-001 and 2018-002, that we consider 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 items 2018-001 and 2018-002.

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

March 14, 2019

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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, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
General	\$ 293,515	\$ 12,333,671	\$ 11,996,004	\$ 152,437	\$ 783,619	\$ 12,053,372	\$ 12,461,029	\$ 50,836	\$ 426,798
Debt Service	1,737,775	3,798,909	3,224,702	(26,323)	2,285,659	3,375,110	3,349,521	(58,970)	2,252,278
Capital Projects	1,283,166	1,602,760	2,094,312	-	791,614	1,794,734	1,440,446	-	1,145,902
School Transportation	1,094,343	805,102	675,901	-	1,223,544	838,174	782,257	(150,000)	1,129,461
School Bus Replacement	346,434	210,759	197,842	-	359,351	224,549	313,173	-	270,727
Rainy Day	119,418	-	-	-	119,418	-	-	100,000	219,418
Construction	10,167	-	10,167	-	-	-	-	-	-
2015 Construction Account	7,107,656	108,748	4,818,184	550	2,398,770	40,008	1,741,092	99	697,785
2018 Construction Account	-	-	-	-	-	12,868	54,713	8,734,250	8,692,405
School Lunch	388,647	1,036,131	972,709	-	452,069	966,528	1,078,970	-	339,627
Textbook Rental	62,552	179,350	153,181	26,323	115,044	244,453	191,960	58,970	226,507
Repair and Replacement	241,504	-	35,076	-	206,428	1,955	56,392	50,000	201,991
Self-Insurance	(319,413)	2,648,777	1,833,816	(115,348)	380,200	2,150,368	2,093,181	-	437,387
Educational License Plates	2,078	225	2,209	-	94	150	225	-	19
Alternative Education	-	-	-	-	-	4,841	-	-	4,841
Lily Grant 2016-2017	-	29,751	15,025	-	14,726	-	14,324	-	402
Rochester Royals Donation Fund	450	-	-	-	450	-	-	-	450
Coca-Cola Fund	1,062	142	96	-	1,108	173	756	-	525
Transportation/Insurance Fees	4,115	-	4,115	-	-	-	-	-	-
Ivy Tech Facility Rental Payment	144,893	77,061	171,224	-	50,730	76,671	52,076	-	75,325
Donations	16,254	1,860	6,930	-	11,184	103,420	165,567	-	(50,963)
Fulton County United Way 2017	-	-	-	-	-	3,038	900	-	2,138
RMS PBL	2,416	-	2,416	-	-	-	-	-	-
New Tech High Donation Fund	14,079	-	14,079	-	-	-	-	-	-
Rob Duzan Scholarship Fund	1,130	-	-	-	1,130	746	-	-	1,876
Bill Kurz Scholarship Fund	6,487	1,021	1,021	-	6,487	750	2,307	-	4,930
Gene Haas Foundation/Grant	-	-	-	-	-	8,000	-	-	8,000
Miscellaneous Programs	1,790	-	230	-	1,560	60	60	-	1,560
NTH Fund From Tours	7,707	-	7,312	-	395	-	-	-	395
G.I.V.E. Local Donations	205	-	-	-	205	-	-	-	205
Admin Donation Fund	875	81	922	-	34	86	118	-	2
Hurricane Education Fund	3,000	-	3,000	-	-	-	-	-	-
Formative Assessment	23,240	23,532	46,772	-	-	22,246	31,777	-	(9,531)
High Ability 2015-2016	9,422	-	9,422	-	-	-	-	-	-
High Ability 2016-2017	-	32,263	30,236	-	2,027	-	2,027	-	-
17-18 High Ability Grant	-	-	-	-	-	32,161	32,199	-	(38)
Medicaid Reimbursement	252,838	104,836	115,617	23,339	265,396	19,992	174,824	127,285	237,849
Secured Schools Safety Grant	(45,036)	21,541	51,170	-	(74,665)	22,358	41,830	-	(94,137)

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, 2017 and 2018

Fund	Cash and Investments 07-01-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-18
School Technology	19,539	8,468	27,062	-	945	11,010	1,330	-	10,625
Career and Technical Performance Grant	-	18,731	18,067	-	664	14,458	13,104	-	2,018
Performance Based Awards	2,103	-	2,103	-	-	52,438	52,438	-	-
2017 Performance Based Awards	-	59,386	59,386	-	-	-	-	-	-
Graduation Rate Performance	11	-	-	-	11	-	-	-	11
PLTW First Robotics Grant	-	-	-	-	-	500	500	-	-
RHS Classroom Math	284	-	-	-	284	-	-	-	284
E-Rate	772	7,844	9,258	-	(642)	-	(642)	-	-
Safe Haven Grant 2016	(8,000)	-	(8,000)	-	-	-	-	-	-
Gene Haas Foundation Grant	-	-	-	-	-	12,500	12,500	-	-
Generation of Indiana	-	250	-	-	250	-	82	-	168
Title I 2015-2016	(23,321)	120,275	96,954	-	-	-	-	-	-
2016-2017 Title I	-	256,384	273,109	-	(16,725)	111,515	94,790	-	-
Title I 2017-18	-	-	-	-	-	267,305	334,422	-	(67,117)
Title V 2007-2008	3,026	-	3,026	-	-	-	-	-	-
Special Ed Part B 2014-15	(120,251)	127,252	7,001	-	-	-	-	-	-
Special Ed Preschool 2014-15	(217)	1,873	1,656	-	-	-	-	-	-
Special Ed Part B 2015-16	(116,450)	320,187	220,934	-	(17,197)	3,355	(13,842)	-	-
Special Ed Preschool 2015-16	(12,066)	12,208	142	-	-	-	-	-	-
Sp Ed Part B 2016-2017	-	-	131,174	-	(131,174)	384,525	253,351	-	-
Sp Ed Preschool 2016-2017	-	-	6,288	-	(6,288)	12,681	6,393	-	-
IDEA Part B 611 Yr 17-18	-	-	-	-	-	59,073	103,332	-	(44,259)
IDEA Part B Pre K 619 Yr 17-18	-	-	-	-	-	1,371	2,181	-	(810)
Title II Part A 2014-2016	(33,712)	38,025	4,313	-	-	-	-	-	-
Title II Part A FY15	-	23,891	44,891	-	(21,000)	48,939	27,939	-	-
Title II FY16	-	-	-	-	-	-	44,503	-	(44,503)
FY 14 Title VI Grant/RL 15	(43,191)	38,130	(5,061)	-	-	-	-	-	-
RL 15, FY 14	38,130	(38,130)	-	-	-	-	-	-	-
RL 15, FY 15	(3,241)	39,309	36,068	-	-	-	-	-	-
Title III - English Proficiency Migrant	-	-	3,208	-	(3,208)	3,208	3,300	-	(3,300)
Cafeteria Prepaid Food	14,746	380,778	363,648	-	31,875	310,392	306,375	-	35,893
Payroll Clearing	13,412	2,843,600	2,881,187	-	(24,176)	2,859,697	2,849,818	-	(14,296)
Totals	\$ 12,544,343	\$ 27,274,980	\$ 30,670,105	\$ 60,978	\$ 9,210,197	\$ 26,149,778	\$ 28,173,597	\$ 8,912,470	\$ 16,098,847

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, the following: 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. Amounts received from taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community service activities, and other revenue from local sources.

Intermediate sources. Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources. Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources. Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Other receipts. Amounts received from various sources, including, but not limited to, the following: 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. Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services. Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services. Amounts disbursed for food service operations and community service operations.

Facilities acquisition and construction. Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

Debt service. Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges. Amounts disbursed 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. Amounts received in relation to the issuance of bonds or other long-term debt issues.

Sale of capital assets. Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Transfers in. Amounts 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. Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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 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 and corrections of errors from prior periods.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. For the majority of these funds, this is a result of funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2017 and 2018. The E-rate fund deficit was a result of disbursements exceeding receipts and was corrected the following year. The Secured Schools Safety Grant, Payroll Clearing, and Donations were a result of prior period errors which the School Corporation is working to document and correct.

ROCHESTER COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. *Holding Corporation*

The School Corporation has entered into capital leases with the 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 ended June 30, 2017 and 2018, totaled \$2,511,216 and \$3,673,776, respectively.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units website: <https://gateway.ifionline.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 School Corporation's Financial Reports 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, 2017

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	2015 Construction Account
Cash and investments - beginning	\$ 293,515	\$ 1,737,775	\$ 1,283,166	\$ 1,094,343	\$ 346,434	\$ 119,418	\$ 10,167	\$ 7,107,656
Receipts:								
Local sources	199,999	3,533,712	1,598,640	805,102	210,759	-	-	108,748
Intermediate sources	445	-	-	-	-	-	-	-
State sources	12,133,227	-	-	-	-	-	-	-
Federal sources	-	265,197	-	-	-	-	-	-
Other receipts	-	-	4,120	-	-	-	-	-
Total receipts	12,333,671	3,798,909	1,602,760	805,102	210,759	-	-	108,748
Disbursements:								
Instruction	8,157,844	-	-	-	-	-	-	-
Support services	3,492,011	-	1,495,408	675,901	197,842	-	-	682
Noninstructional services	208,365	-	-	-	-	-	-	-
Facilities acquisition and construction	1,076	-	598,904	-	-	-	10,167	4,817,502
Debt service	-	3,224,702	-	-	-	-	-	-
Nonprogrammed charges	136,708	-	-	-	-	-	-	-
Total disbursements	11,996,004	3,224,702	2,094,312	675,901	197,842	-	10,167	4,818,184
Excess (deficiency) of receipts over disbursements	337,667	574,207	(491,552)	129,201	12,917	-	(10,167)	(4,709,436)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	550
Transfers in	329,935	-	-	-	-	-	-	-
Transfers out	(177,498)	(26,323)	-	-	-	-	-	-
Total other financing sources (uses)	152,437	(26,323)	-	-	-	-	-	550
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	490,104	547,884	(491,552)	129,201	12,917	-	(10,167)	(4,708,886)
Cash and investments - ending	\$ 783,619	\$ 2,285,659	\$ 791,614	\$ 1,223,544	\$ 359,351	\$ 119,418	\$ -	\$ 2,398,770

ROCHESTER COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2017

	2018 Construction Account	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ -	\$ 388,647	\$ 62,552	\$ 241,504	\$ (319,413)	\$ 2,078	\$ -
Receipts:							
Local sources	-	676,277	103,586	-	2,648,777	-	-
Intermediate sources	-	-	-	-	-	225	-
State sources	-	-	74,764	-	-	-	-
Federal sources	-	359,814	-	-	-	-	-
Other receipts	-	40	1,000	-	-	-	-
Total receipts	-	1,036,131	179,350	-	2,648,777	225	-
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	431	153,181	-	-	2,209	-
Noninstructional services	-	972,278	-	-	-	-	-
Facilities acquisition and construction	-	-	-	35,076	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	1,833,816	-	-
Total disbursements	-	972,709	153,181	35,076	1,833,816	2,209	-
Excess (deficiency) of receipts over disbursements	-	63,422	26,169	(35,076)	814,961	(1,984)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	26,323	-	177,498	-	-
Transfers out	-	-	-	-	(292,846)	-	-
Total other financing sources (uses)	-	-	26,323	-	(115,348)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	63,422	52,492	(35,076)	699,613	(1,984)	-
Cash and investments - ending	\$ -	\$ 452,069	\$ 115,044	\$ 206,428	\$ 380,200	\$ 94	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Lily Grant 2016-2017	Rochester Royals Donation Fund	Coca-Cola Fund	Transportation/ Insurance Fees	Ivy Tech Facility Rental Payment	Donations	Fulton County United Way 2017
Cash and investments - beginning	\$ -	\$ 450	\$ 1,062	\$ 4,115	\$ 144,893	\$ 16,254	\$ -
Receipts:							
Local sources	-	-	142	-	77,061	1,860	-
Intermediate sources	-	-	-	-	-	-	-
State sources	29,751	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	29,751	-	142	-	77,061	1,860	-
Disbursements:							
Instruction	679	-	-	-	-	6,830	-
Support services	14,346	-	96	4,115	187,467	100	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	(16,243)	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	15,025	-	96	4,115	171,224	6,930	-
Excess (deficiency) of receipts over disbursements	14,726	-	46	(4,115)	(94,163)	(5,070)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	14,726	-	46	(4,115)	(94,163)	(5,070)	-
Cash and investments - ending	\$ 14,726	\$ 450	\$ 1,108	\$ -	\$ 50,730	\$ 11,184	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 AND INVESTMENT BALANCES - REGULATORY BASIS
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	RMS PBL	New Tech High Donation Fund	Rob Duzan Scholarship Fund	Bill Kurz Scholarship Fund	Gene Haas Foundation/ Grant	Miscellaneous Programs	NTH Fund From Tours
Cash and investments - beginning	\$ 2,416	\$ 14,079	\$ 1,130	\$ 6,487	\$ -	\$ 1,790	\$ 7,707
Receipts:							
Local sources	-	-	-	1,021	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	1,021	-	-	-
Disbursements:							
Instruction	2,416	716	-	-	-	230	6,070
Support services	-	13,363	-	-	-	-	1,242
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	1,021	-	-	-
Total disbursements	2,416	14,079	-	1,021	-	230	7,312
Excess (deficiency) of receipts over disbursements	(2,416)	(14,079)	-	-	-	(230)	(7,312)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,416)	(14,079)	-	-	-	(230)	(7,312)
Cash and investments - ending	\$ -	\$ -	\$ 1,130	\$ 6,487	\$ -	\$ 1,560	\$ 395

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	G.I.V.E. Local Donations	Admin Donation Fund	Hurricane Education Fund	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	17-18 High Ability Grant
Cash and investments - beginning	\$ 205	\$ 875	\$ 3,000	\$ 23,240	\$ 9,422	\$ -	\$ -
Receipts:							
Local sources	-	81	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	23,532	-	32,263	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	81	-	23,532	-	32,263	-
Disbursements:							
Instruction	-	-	-	46,772	9,422	30,236	-
Support services	-	922	3,000	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	922	3,000	46,772	9,422	30,236	-
Excess (deficiency) of receipts over disbursements	-	(841)	(3,000)	(23,240)	(9,422)	2,027	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(841)	(3,000)	(23,240)	(9,422)	2,027	-
Cash and investments - ending	\$ 205	\$ 34	\$ -	\$ -	\$ -	\$ 2,027	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	Performance Based Awards	2017 Performance Based Awards	Graduation Rate Performance
Cash and investments - beginning	\$ 252,838	\$ (45,036)	\$ 19,539	\$ -	\$ 2,103	\$ -	\$ 11
Receipts:							
Local sources	104,836	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	21,541	8,468	7,299	-	59,386	-
Federal sources	-	-	-	11,432	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	104,836	21,541	8,468	18,731	-	59,386	-
Disbursements:							
Instruction	115,617	-	-	18,067	2,103	59,386	-
Support services	-	42,578	27,062	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	8,592	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	115,617	51,170	27,062	18,067	2,103	59,386	-
Excess (deficiency) of receipts over disbursements	(10,781)	(29,629)	(18,594)	664	(2,103)	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	60,428	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(37,089)	-	-	-	-	-	-
Total other financing sources (uses)	23,339	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	12,558	(29,629)	(18,594)	664	(2,103)	-	-
Cash and investments - ending	\$ 265,396	\$ (74,665)	\$ 945	\$ 664	\$ -	\$ -	\$ 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, 2017

	PLTW First Robotics Grant	RHS Classroom Math	E-Rate	Safe Haven Grant 2016	Gene Haas Foundation Grant	Generation of Indiana	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ 284	\$ 772	\$ (8,000)	\$ -	\$ -	\$ (23,321)
Receipts:							
Local sources	-	-	7,844	-	-	-	-
Intermediate sources	-	-	-	-	-	250	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	120,275
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	7,844	-	-	250	120,275
Disbursements:							
Instruction	-	-	-	-	-	-	96,155
Support services	-	-	9,258	(8,000)	-	-	799
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	9,258	(8,000)	-	-	96,954
Excess (deficiency) of receipts over disbursements	-	-	(1,414)	8,000	-	250	23,321
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(1,414)	8,000	-	250	23,321
Cash and investments - ending	\$ -	\$ 284	\$ (642)	\$ -	\$ -	\$ 250	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	2016-2017 Title I	Title 1 2017-18	Title V 2007-2008	Special Ed Part B 2014-15	Special Ed Preschool 2014-15	Special Ed Part B 2015-16	Special Ed Preschool 2015-16
Cash and investments - beginning	\$ -	\$ -	\$ 3,026	\$ (120,251)	\$ (217)	\$ (116,450)	\$ (12,066)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	256,384	-	-	127,252	1,873	320,187	12,208
Other receipts	-	-	-	-	-	-	-
Total receipts	256,384	-	-	127,252	1,873	320,187	12,208
Disbursements:							
Instruction	270,476	-	-	-	1,656	3,303	142
Support services	2,612	-	3,026	7,001	-	217,631	-
Noninstructional services	21	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	273,109	-	3,026	7,001	1,656	220,934	142
Excess (deficiency) of receipts over disbursements	(16,725)	-	(3,026)	120,251	217	99,253	12,066
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,725)	-	(3,026)	120,251	217	99,253	12,066
Cash and investments - ending	\$ (16,725)	\$ -	\$ -	\$ -	\$ -	\$ (17,197)	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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	Sp Ed Part B 2016-2017	Sp Ed Preschool 2016-2017	IDEA Part B 611 Yr 17-18	IDEA Part B Pre K 619 Yr 17-18	Title II Part A 2014-2016	Title II Part A FY15	Title II FY16
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (33,712)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	38,025	23,891	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	38,025	23,891	-
Disbursements:							
Instruction	2,046	6,288	-	-	-	-	-
Support services	129,128	-	-	-	4,313	44,891	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	131,174	6,288	-	-	4,313	44,891	-
Excess (deficiency) of receipts over disbursements	(131,174)	(6,288)	-	-	33,712	(21,000)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(131,174)	(6,288)	-	-	33,712	(21,000)	-
Cash and investments - ending	\$ (131,174)	\$ (6,288)	\$ -	\$ -	\$ -	\$ (21,000)	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 For the Year Ended June 30, 2017

	FY 14 Title VI Grant/RL 15	RL 15, FY 14	RL 15, FY 15	Title III - English Proficiency Migrant	Cafeteria Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ (43,191)	\$ 38,130	\$ (3,241)	\$ -	\$ 14,746	\$ 13,412	\$ 12,544,343
Receipts:							
Local sources	-	-	-	-	-	-	10,078,445
Intermediate sources	-	-	-	-	-	-	920
State sources	-	-	-	-	-	-	12,390,231
Federal sources	38,130	(38,130)	39,309	-	-	-	1,575,847
Other receipts	-	-	-	-	380,778	2,843,600	3,229,537
Total receipts	<u>38,130</u>	<u>(38,130)</u>	<u>39,309</u>	<u>-</u>	<u>380,778</u>	<u>2,843,600</u>	<u>27,274,980</u>
Disbursements:							
Instruction	(5,061)	-	24,569	-	-	-	8,855,962
Support services	-	-	11,499	3,208	-	-	6,737,322
Noninstructional services	-	-	-	-	-	-	1,180,664
Facilities acquisition and construction	-	-	-	-	-	-	5,455,074
Debt service	-	-	-	-	-	-	3,224,702
Nonprogrammed charges	-	-	-	-	363,648	2,881,187	5,216,381
Total disbursements	<u>(5,061)</u>	<u>-</u>	<u>36,068</u>	<u>3,208</u>	<u>363,648</u>	<u>2,881,187</u>	<u>30,670,105</u>
Excess (deficiency) of receipts over disbursements	<u>43,191</u>	<u>(38,130)</u>	<u>3,241</u>	<u>(3,208)</u>	<u>17,129</u>	<u>(37,588)</u>	<u>(3,395,124)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	60,978
Transfers in	-	-	-	-	-	-	533,756
Transfers out	-	-	-	-	-	-	(533,756)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,978</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>43,191</u>	<u>(38,130)</u>	<u>3,241</u>	<u>(3,208)</u>	<u>17,129</u>	<u>(37,588)</u>	<u>(3,334,146)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (3,208)</u>	<u>\$ 31,875</u>	<u>\$ (24,176)</u>	<u>\$ 9,210,197</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
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 For the Year Ended June 30, 2018

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Construction	2015 Construction Account
Cash and investments - beginning	\$ 783,619	\$ 2,285,659	\$ 791,614	\$ 1,223,544	\$ 359,351	\$ 119,418	\$ -	\$ 2,398,770
Receipts:								
Local sources	210,715	3,197,806	1,793,707	838,174	224,549	-	-	40,008
Intermediate sources	445	-	-	-	-	-	-	-
State sources	11,842,012	-	-	-	-	-	-	-
Federal sources	-	177,304	-	-	-	-	-	-
Other receipts	200	-	1,027	-	-	-	-	-
Total receipts	<u>12,053,372</u>	<u>3,375,110</u>	<u>1,794,734</u>	<u>838,174</u>	<u>224,549</u>	<u>-</u>	<u>-</u>	<u>40,008</u>
Disbursements:								
Instruction	8,305,699	-	-	-	-	-	-	-
Support services	3,942,040	-	1,008,123	782,257	313,173	-	-	918
Noninstructional services	213,290	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	432,323	-	-	-	-	1,740,174
Debt service	-	3,349,521	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>12,461,029</u>	<u>3,349,521</u>	<u>1,440,446</u>	<u>782,257</u>	<u>313,173</u>	<u>-</u>	<u>-</u>	<u>1,741,092</u>
Excess (deficiency) of receipts over disbursements	<u>(407,657)</u>	<u>25,589</u>	<u>354,288</u>	<u>55,917</u>	<u>(88,624)</u>	<u>-</u>	<u>-</u>	<u>(1,701,084)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	99
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	50,836	-	-	-	-	100,000	-	-
Transfers out	-	(58,970)	-	(150,000)	-	-	-	-
Total other financing sources (uses)	<u>50,836</u>	<u>(58,970)</u>	<u>-</u>	<u>(150,000)</u>	<u>-</u>	<u>100,000</u>	<u>-</u>	<u>99</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(356,821)</u>	<u>(33,381)</u>	<u>354,288</u>	<u>(94,083)</u>	<u>(88,624)</u>	<u>100,000</u>	<u>-</u>	<u>(1,700,985)</u>
Cash and investments - ending	<u>\$ 426,798</u>	<u>\$ 2,252,278</u>	<u>\$ 1,145,902</u>	<u>\$ 1,129,461</u>	<u>\$ 270,727</u>	<u>\$ 219,418</u>	<u>\$ -</u>	<u>\$ 697,785</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	2018 Construction Account	School Lunch	Textbook Rental	Repair and Replacement	Self- Insurance	Educational License Plates	Alternative Education
Cash and investments - beginning	\$ -	\$ 452,069	\$ 115,044	\$ 206,428	\$ 380,200	\$ 94	\$ -
Receipts:							
Local sources	12,868	382,883	172,604	1,955	2,150,368	-	-
Intermediate sources	-	-	-	-	-	150	-
State sources	-	-	71,849	-	-	-	4,841
Federal sources	-	583,694	-	-	-	-	-
Other receipts	-	(49)	-	-	-	-	-
Total receipts	<u>12,868</u>	<u>966,528</u>	<u>244,453</u>	<u>1,955</u>	<u>2,150,368</u>	<u>150</u>	<u>4,841</u>
Disbursements:							
Instruction	-	-	-	-	-	-	-
Support services	-	160	191,960	-	-	225	-
Noninstructional services	-	1,078,810	-	-	-	-	-
Facilities acquisition and construction	54,713	-	-	56,392	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	2,093,181	-	-
Total disbursements	<u>54,713</u>	<u>1,078,970</u>	<u>191,960</u>	<u>56,392</u>	<u>2,093,181</u>	<u>225</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(41,845)</u>	<u>(112,442)</u>	<u>52,493</u>	<u>(54,437)</u>	<u>57,187</u>	<u>(75)</u>	<u>4,841</u>
Other financing sources (uses):							
Proceeds of long-term debt	8,734,250	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	58,970	50,000	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>8,734,250</u>	<u>-</u>	<u>58,970</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>8,692,405</u>	<u>(112,442)</u>	<u>111,463</u>	<u>(4,437)</u>	<u>57,187</u>	<u>(75)</u>	<u>4,841</u>
Cash and investments - ending	<u>\$ 8,692,405</u>	<u>\$ 339,627</u>	<u>\$ 226,507</u>	<u>\$ 201,991</u>	<u>\$ 437,387</u>	<u>\$ 19</u>	<u>\$ 4,841</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	Lily Grant 2016-2017	Rochester Royals Donation Fund	Coca-Cola Fund	Transportation/ Insurance Fees	Ivy Tech Facility Rental Payment	Donations	Fulton County United Way 2017
Cash and investments - beginning	\$ 14,726	\$ 450	\$ 1,108	\$ -	\$ 50,730	\$ 11,184	\$ -
Receipts:							
Local sources	-	-	173	-	76,671	103,420	3,038
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	173	-	76,671	103,420	3,038
Disbursements:							
Instruction	-	-	47	-	10,214	5,115	900
Support services	14,324	-	709	-	26,477	299	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	15,385	160,153	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	14,324	-	756	-	52,076	165,567	900
Excess (deficiency) of receipts over disbursements	(14,324)	-	(583)	-	24,595	(62,147)	2,138
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,324)	-	(583)	-	24,595	(62,147)	2,138
Cash and investments - ending	\$ 402	\$ 450	\$ 525	\$ -	\$ 75,325	\$ (50,963)	\$ 2,138

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	RMS PBL	New Tech High Donation Fund	Rob Duzan Scholarship Fund	Bill Kurz Scholarship Fund	Gene Haas Foundation/ Grant	Miscellaneous Programs	NTH Fund From Tours
Cash and investments - beginning	\$ -	\$ -	\$ 1,130	\$ 6,487	\$ -	\$ 1,560	\$ 395
Receipts:							
Local sources	-	-	746	750	8,000	60	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	746	750	8,000	60	-
Disbursements:							
Instruction	-	-	-	-	-	60	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	2,307	-	-	-
Total disbursements	-	-	-	2,307	-	60	-
Excess (deficiency) of receipts over disbursements	-	-	746	(1,557)	8,000	-	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	746	(1,557)	8,000	-	-
Cash and investments - ending	\$ -	\$ -	\$ 1,876	\$ 4,930	\$ 8,000	\$ 1,560	\$ 395

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	G.I.V.E. Local Donations	Admin Donation Fund	Hurricane Education Fund	Formative Assessment	High Ability 2015-2016	High Ability 2016-2017	17-18 High Ability Grant
Cash and investments - beginning	\$ 205	\$ 34	\$ -	\$ -	\$ -	\$ 2,027	\$ -
Receipts:							
Local sources	-	86	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	22,246	-	-	32,161
Federal sources	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	86	-	22,246	-	-	32,161
Disbursements:							
Instruction	-	-	-	31,777	-	2,027	32,199
Support services	-	118	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	118	-	31,777	-	2,027	32,199
Excess (deficiency) of receipts over disbursements	-	(32)	-	(9,531)	-	(2,027)	(38)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(32)	-	(9,531)	-	(2,027)	(38)
Cash and investments - ending	\$ 205	\$ 2	\$ -	\$ (9,531)	\$ -	\$ -	\$ (38)

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	Medicaid Reimbursement	Secured Schools Safety Grant	School Technology	Career and Technical Performance Grant	Performance Based Awards	2017 Performance Based Awards	Graduation Rate Performance
Cash and investments - beginning	\$ 265,396	\$ (74,665)	\$ 945	\$ 664	\$ -	\$ -	\$ 11
Receipts:							
Local sources	19,992	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	22,358	11,010	7,080	52,438	-	-
Federal sources	-	-	-	7,378	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>19,992</u>	<u>22,358</u>	<u>11,010</u>	<u>14,458</u>	<u>52,438</u>	<u>-</u>	<u>-</u>
Disbursements:							
Instruction	123,445	-	-	9,542	52,438	-	-
Support services	51,379	-	1,330	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	41,830	-	3,562	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>174,824</u>	<u>41,830</u>	<u>1,330</u>	<u>13,104</u>	<u>52,438</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(154,832)</u>	<u>(19,472)</u>	<u>9,680</u>	<u>1,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	178,121	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	(50,836)	-	-	-	-	-	-
Total other financing sources (uses)	<u>127,285</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>(27,547)</u>	<u>(19,472)</u>	<u>9,680</u>	<u>1,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 237,849</u>	<u>\$ (94,137)</u>	<u>\$ 10,625</u>	<u>\$ 2,018</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 11</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	PLTW First Robotics Grant	RHS Classroom Math	E-Rate	Safe Haven Grant 2016	Gene Haas Foundation Grant	Generation of Indiana	Title I 2015-2016
Cash and investments - beginning	\$ -	\$ 284	\$ (642)	\$ -	\$ -	\$ 250	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	12,500	-	-
State sources	-	-	-	-	-	-	-
Federal sources	500	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	500	-	-	-	12,500	-	-
Disbursements:							
Instruction	500	-	-	-	-	82	-
Support services	-	-	(642)	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	12,500	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	500	-	(642)	-	12,500	82	-
Excess (deficiency) of receipts over disbursements	-	-	642	-	-	(82)	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	642	-	-	(82)	-
Cash and investments - ending	\$ -	\$ 284	\$ -	\$ -	\$ -	\$ 168	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	2016-2017 Title I	Title 1 2017-18	Title V 2007-2008	Special Ed Part B 2014-15	Special Ed Preschool 2014-15	Special Ed Part B 2015-16	Special Ed Preschool 2015-16
Cash and investments - beginning	\$ (16,725)	\$ -	\$ -	\$ -	\$ -	\$ (17,197)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	111,515	267,305	-	-	-	3,355	-
Other receipts	-	-	-	-	-	-	-
Total receipts	111,515	267,305	-	-	-	3,355	-
Disbursements:							
Instruction	92,432	334,422	-	-	-	(377)	-
Support services	2,358	-	-	-	-	(13,465)	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	94,790	334,422	-	-	-	(13,842)	-
Excess (deficiency) of receipts over disbursements	16,725	(67,117)	-	-	-	17,197	-
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,725	(67,117)	-	-	-	17,197	-
Cash and investments - ending	\$ -	\$ (67,117)	\$ -	\$ -	\$ -	\$ -	\$ -

ROCHESTER COMMUNITY SCHOOL CORPORATION
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	Sp Ed Part B 2016-2017	Sp Ed Preschool 2016-2017	IDEA Part B 611 Yr 17-18	IDEA Part B Pre K 619 Yr 17-18	Title II Part A 2014-2016	Title II Part A FY15	Title II FY16
Cash and investments - beginning	\$ (131,174)	\$ (6,288)	\$ -	\$ -	\$ -	\$ (21,000)	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	384,525	12,681	59,073	1,371	-	48,939	-
Other receipts	-	-	-	-	-	-	-
Total receipts	<u>384,525</u>	<u>12,681</u>	<u>59,073</u>	<u>1,371</u>	<u>-</u>	<u>48,939</u>	<u>-</u>
Disbursements:							
Instruction	2,954	6,393	2,606	2,181	-	-	-
Support services	250,397	-	100,726	-	-	27,939	44,503
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	<u>253,351</u>	<u>6,393</u>	<u>103,332</u>	<u>2,181</u>	<u>-</u>	<u>27,939</u>	<u>44,503</u>
Excess (deficiency) of receipts over disbursements	<u>131,174</u>	<u>6,288</u>	<u>(44,259)</u>	<u>(810)</u>	<u>-</u>	<u>21,000</u>	<u>(44,503)</u>
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	<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>131,174</u>	<u>6,288</u>	<u>(44,259)</u>	<u>(810)</u>	<u>-</u>	<u>21,000</u>	<u>(44,503)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,259)</u>	<u>\$ (810)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (44,503)</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, 2018

	FY 14 Title VI Grant/RL 15	RL 15, FY 14	RL 15, FY 15	Title III - English Proficiency Migrant	Cafeteria Prepaid Food	Payroll Clearing	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (3,208)	\$ 31,875	\$ (24,176)	\$ 9,210,197
Receipts:							
Local sources	-	-	-	-	-	-	9,238,573
Intermediate sources	-	-	-	-	-	-	13,095
State sources	-	-	-	-	-	-	12,065,995
Federal sources	-	-	-	3,208	-	-	1,660,848
Other receipts	-	-	-	-	310,392	2,859,697	3,171,267
Total receipts	-	-	-	3,208	310,392	2,859,697	26,149,778
Disbursements:							
Instruction	-	-	-	-	-	-	9,014,656
Support services	-	-	-	3,300	-	-	6,748,608
Noninstructional services	-	-	-	-	-	-	1,292,100
Facilities acquisition and construction	-	-	-	-	-	-	2,517,032
Debt service	-	-	-	-	-	-	3,349,521
Nonprogrammed charges	-	-	-	-	306,375	2,849,818	5,251,680
Total disbursements	-	-	-	3,300	306,375	2,849,818	28,173,597
Excess (deficiency) of receipts over disbursements	-	-	-	(92)	4,017	9,879	(2,023,819)
Other financing sources (uses):							
Proceeds of long-term debt	-	-	-	-	-	-	8,734,349
Sale of capital assets	-	-	-	-	-	-	178,121
Transfers in	-	-	-	-	-	-	259,806
Transfers out	-	-	-	-	-	-	(259,806)
Total other financing sources (uses)	-	-	-	-	-	-	8,912,470
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(92)	4,017	9,879	6,888,651
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (3,300)	\$ 35,893	\$ (14,296)	\$ 16,098,847

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ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2018

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 3,940,411</u>	<u>\$ -</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2018

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Rochester Community School Building Corporation	2015 Bonds	\$ 608,131	12/22/15	07/15/35
Rochester Community School Building Corporation	2018 Bonds	523,297	06/30/18	12/31/37
Rochester Community School Building Corporation	2008 Bonds	740,900	03/30/08	06/30/19
Rochester Community School Building Corporation	2010 Bonds	855,071	06/30/11	12/30/19
Rochester Community School Building Corporation	2014 Bonds	<u>688,713</u>	06/30/15	12/31/28
Total of annual lease payments		<u>\$ 3,416,112</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2010 QSCB Bonds	\$ 1,647,820	\$ 93,102
General obligation bonds	2011 QSCB Bonds	<u>1,970,000</u>	<u>244,863</u>
Totals		<u>\$ 3,617,820</u>	<u>\$ 337,965</u>

ROCHESTER COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2018

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.

	Ending Balance
Governmental activities:	
Land	\$ 833,500
Buildings	20,802,300
Improvements other than buildings	772,666
Machinery, equipment, and vehicles	7,346,244
Construction in progress	<u>13,500,000</u>
Total capital assets	<u>\$ 43,254,710</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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 *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2016 to June 30, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2018-005 and 2018-006 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment, Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - School Food Accounts that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, 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 the Child Nutrition Cluster for the period of July 1, 2016 to June 30, 2018.

Unmodified Opinion on Each of the Other Major Federal Programs

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 other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2016 to June 30, 2018.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2018-004, 2018-007, and 2018-008. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance 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.

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 the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.


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

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 a 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. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2018-003, 2018-004, 2018-005, 2018-006, 2018-007, and 2018-008, that we consider 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 14, 2019

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, 2017 and 2018

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	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17	Passed Through to Subrecipient 06-30-18	Total Federal Awards Expended 06-30-18
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	SY 16-17, SY 17-18	\$ -	\$ 130,318	\$ -	\$ 128,222
National School Lunch Program	Indiana Department of Education	10.555	SY 16-17, SY 17-18	-	476,080	-	475,852
Commodities			SY 16-17, SY 17-18	-	71,170	-	73,998
Total - National School Lunch Program				-	547,250	-	549,850
Summer Food Service Program for Children	Indiana Department of Education	10.559	SY 16-17, SY 17-18	-	41,439	-	34,377
Total - Child Nutrition Cluster				-	719,007	-	712,449
Total - Department of Agriculture				-	719,007	-	712,449
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14215-112-PN01	-	127,252	-	-
			14216-112-PN01	-	320,187	-	3,355
			14217-112-PN01	-	-	-	384,525
			18611-112-PN01	-	-	-	59,073
Total - Special Education Grants to States				-	447,439	-	446,953
Special Education Preschool Grants	Indiana Department of Education	84.173	45715-112-PN01	-	1,873	-	-
			45716-112-PN01	-	12,208	-	-
			45717-112-PN01	-	-	-	12,681
			18619-112-PN01	-	-	-	1,371
Total - Special Education Preschool Grants				-	14,081	-	14,052
Total - Special Education Cluster				-	461,520	-	461,005
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 14-15	-	170,689	-	-
			FY 15-16	-	205,970	-	155,615
			FY 16-17	-	-	-	223,205
Total - Title I Grants to Local Educational Agencies				-	376,659	-	378,820
Rural Education	Indiana Department of Education	84.358	FY 15-16	-	39,309	-	-
Total - Rural Educator				-	39,309	-	-
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	FY 14-15	-	38,025	-	-
			FY 15-16	-	23,891	-	48,939
Total - Supporting Effective Instruction State Grants				-	61,916	-	48,939
Total - Department of Education				-	939,404	-	888,764
Total federal awards expended				\$ -	\$ 1,658,411	\$ -	\$ 1,601,213

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2017 and 2018. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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. Summary of Significant Accounting Policies

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

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 deficiency identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	no
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

<u>Name of Federal Program or Cluster</u>	<u>Opinion Issued</u>
Child Nutrition Cluster	Qualified
Special Education Cluster (IDEA)	Unmodified
Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk auditee?	no

Section II - Financial Statement Findings

FINDING 2018-001

Subject: Financial Transactions and Reporting
Audit Findings: Material Weakness, Noncompliance

Condition

There were deficiencies in the internal control system of the School Corporation related to financial transactions and reporting. The School Corporation had implemented controls over financial reporting but they were not effective in preventing errors.

A holding corporation issued bonds pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation in 2015 and 2018. The financial transactions of the holding corporation were included on the School Corporation's financial statement for the year ended June 30, 2018.

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

Context

Due to the lack of effective controls, receipts and disbursements for the 2015 Construction Account fund were overstated by \$360,797 and \$155,070, respectively, and the 2018 Construction Account fund by \$3,076,083 and \$644,214, respectively, for the year ended June 30, 2018.

Audit adjustments were proposed, accepted by the School Corporation, and made to the financial statement.

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

". . . The statement will include the funds of the reporting entity only. No funds from outside organizations associated with the entity shall be included. . . ." (Accounting and Financial Reporting Regulation Manual, Part III)

Cause

Management of the School Corporation had not established a proper system of internal control.

Effect

The failure to properly implement controls enabled material noncompliance related to the financial statement to remain undetected. The financial statement contained the errors identified in the *Context*.

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

Recommendation

We recommended that the School Corporation establish an effective system of internal controls that will ensure accurate financial transactions and reporting.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-002

Subject: Preparation of the Schedule of Expenditures of Federal Awards
Audit Findings: Material Weakness, Noncompliance

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-002.

Condition

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA).

The School Corporation had not established effective internal controls over the federal award information entered into the Indiana Gateway for Government Units financial reporting system, which is the source of the School Corporation's SEFA. One employee prepared and submitted the grant information without an oversight or review process to detect and correct errors before submission.

Context

Due to the lack of effective controls, the SEFA presented for audit contained the following errors:

1. The Child Nutrition Cluster expenditures were not reported by program, but in total for the Cluster. In addition, expenditures were understated by \$370,740 for the year ended June 30, 2017, and \$129,094 for the year end June 30, 2018.
2. The Special Education Grants to States expenditures were understated by \$127,252 for the year ended June 30, 2017, and \$3,355 for the year ended June 30, 2018.
3. The Special Education Preschool Grants expenditures were understated by \$1,873 for the year ended June 30, 2017.
4. The CFDA numbers were incorrect or missing. Pass-Through Agencies and Identifying Numbers were not always correct or were missing.

Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA.

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

Criteria

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . .

The Green Book identifies a list of control activity categories that are meant only to illustrate the range and variety of control activities; the list is by no means all inclusive, but is reproduced here for reference purposes: . . .

- Accurate and timely recording of transactions. . . ."

2 CFR 200.508 states in part: "The auditee must: . . . (b) Prepare appropriate financial statements, including the schedule of expenditures of Federal awards in accordance with § 200.510 Financial statements. . . ."

2 CFR 200.510(b) states:

"*Schedule of expenditures of Federal awards*. The auditee must also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements which must include the total Federal awards expended as determined in accordance with § 200.502 Basis for determining Federal awards expended. 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 Federal award years, the auditee may list the amount of Federal awards expended for each Federal award year separately. At a minimum, the schedule must:

- (1) List individual Federal programs by Federal agency. For a cluster of programs, provide the cluster name, list individual Federal programs within the cluster of programs, and provide the applicable Federal agency name. For R&D, total Federal awards expended must be shown either by individual Federal 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 must be included.

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

- (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. For a cluster of programs also provide the total for the cluster.
- (4) Include the total amount provided to subrecipients from each Federal program.
- (5) For loan or loan guarantee programs described in § 200.502 Basis for determining Federal awards expended, paragraph (b), identify in the notes to the schedule the balances outstanding at the end of the audit period. This is in addition to including the total Federal awards expended for loan or loan guarantee programs in the schedule.
- (6) Include notes that describe that significant accounting policies used in preparing the schedule, and note whether or not the auditee elected to use the 10% de minimis cost rate as covered in § 200.414 Indirect (F&A) costs."

Cause

The School Corporation's management had not established a system of internal control that would have ensured proper reporting of the SEFA.

Effect

The failure to establish internal controls enabled material misstatements to go undetected. The SEFA contained the errors identified in the *Context*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure accurate reporting of the SEFA.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

Section III - Federal Award Findings and Questioned Costs

FINDING 2018-003

Subject: Child Nutrition Cluster - Internal Controls

Federal Agency: 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 Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Cash Management, Special Tests and Provisions - Verification of Free and
Reduced Price Applications (NSLP), Special Tests and Provisions -
Paid Lunch Equity

Audit Finding: Material Weakness

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

Repeat Finding

This is a repeat finding from the immediately prior audit regarding cash management and verification of free and reduced price applications. The prior audit finding numbers were 2016-003 and 2016-005.

Condition

Cash Management

The School Corporation had not designed or implemented adequate internal controls to ensure that the School Lunch fund monthly cash balances (net cash resources) were limited to three months average expenditures in compliance with cash management requirements.

Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

The School Corporation had not designed or implemented adequate internal controls to ensure that the verifications of eligibility determinations for free and reduced priced meals were accurate. One employee prepared the School Food Authority (SFA) Verification Collection Reports to be submitted and performed the verifications. There was no documentation of a control in place, such as an oversight, review, or approval process, or other compensating control.

Special Tests and Provisions - Paid Lunch Equity (National School Lunch Program only)

The School Corporation had not designed or implemented adequate internal controls to ensure that the Paid Lunch Equity calculation was accurate and that the response to the determination was properly made. One employee prepared the Paid Lunch Equity calculation without an oversight or review process to ensure the accuracy of the calculation.

Context

The lack of controls was a systemic issue throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements listed above.

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

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements listed above. A lack of segregation of duties within an internal control system could have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls related to the grant agreement and the Cash Management, Special Tests and Provisions - Verification of Free Reduced Price Applications (NSLP), and Special Tests and Provisions - Paid Lunch Equity compliance requirements.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-004

Subject: School Breakfast Program, National School Lunch Program - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-004.

Condition

The School Corporation utilized software which processed the eligibility determination dependent on the application information input. The School Corporation implemented internal controls, but they were not effective and did not ensure that the free and reduced meal application information was input accurately.

The School Corporation did not comply with the eligibility requirements. Errors were noted in some of the applications tested.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period. Three of the fifty-two applications tested included inaccurate information, which resulted in one incorrect eligibility determination.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 245.3 states in part:

(a) Each State agency, or FNSRO where applicable, shall by July 1 of each year announce family-size income standards to be used by local educational agencies, as defined in § 245.2, under the jurisdiction of such State agency, or FNSRO where applicable, in making eligibility determinations for free or reduced price meals and for free milk. Such family size income standards for free and reduced price meals and for free milk shall be in accordance with Income Eligibility Guidelines published by the Department by notice in the FEDERAL REGISTER.

(b) Each participating local educational agency and all participating schools under its jurisdiction must adhere to the eligibility criteria specified in this part. . . ."

7 CFR 245.6(c)(4) states:

"*Calculating income.* The local educational agency must use the income information provided by the household on the application to calculate the household's total current income. When a household submits an application containing complete documentation, as defined in § 245.2, and the household's total current income is at or below the eligibility limits specified in the Income Eligibility Guidelines as defined in § 245.2, the children in that household must be approved for free or reduced price benefits, as applicable."

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with the eligibility requirements.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the eligibility requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-005

Subject: Child Nutrition Cluster - Procurement and Suspension and Debarment
Federal Agency: 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 Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Procurement and Suspension and Debarment
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit regarding suspension and debarment. The prior audit finding number was 2016-007.

Condition

Procurement

The School Corporation had not established effective controls to ensure that proper procurement policies were followed. The food service director obtained quotes or bids for items with a single cost over \$5,000 with no review or approval process in place. The School Corporation did not always obtain price or rate quotes from an adequate number of sources for purchases of goods or services exceeding \$3,500, which fell under the small purchase procedures.

Suspension and Debarment

There were no controls in place to ensure that vendors were not suspended or debarred from participation in federal programs.

The School Corporation did not perform any procedures to verify that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

- (a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

- (b) Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources. . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

The School Corporation's management had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled material noncompliance to remain undetected. Noncompliance with the grant agreement and the procurement and suspension and debarment requirements could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-006

Subject: Child Nutrition Cluster - Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts
Federal Agency: 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 Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18
Pass-Through Entity: Indiana Department of Education
Compliance Requirements: Allowable Costs/Cost Principles, Program Income, Special Tests and Provisions - School Food Accounts
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit regarding program income. The prior audit finding number was 2016-006.

Condition

The School Corporation had not established an effective control system to ensure that program income was properly assessed and recorded, that expenditures were for allowable costs, and that funds were used for the purpose of operating and improving the food service program.

The School Corporation did not properly assess program income for all adult meals; principals and custodians were allowed free meals.

The School Corporation transferred program income into the School Lunch fund; however, they did not properly record amounts for each program within the School Lunch fund (i.e. breakfast, lunch, adult, ala carte).

Based upon the payroll operating costs tested, the School Corporation included percentages of administrative and custodian salaries and wages as food service operating costs in the School Lunch fund. This compensation related to food service operations, which was not supported by time records, totaled \$41,284. These undocumented expenditures were considered questioned costs.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

7 CFR 210.14(c) states:

Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

7 CFR 220.7(e) states in part:

"Each school food authority approved to participate in the program shall enter into a written agreement with the State agency or the Department through the FNSRO, as applicable, that may be amended as necessary. . . . Such agreements shall provide that the School Food Authority shall, with respect to participating schools under its jurisdiction: . . ."

(12) Maintain a financial management system as prescribed by the State agency, or FNSRO where applicable; . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

(a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.

(b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . ."

(g) Be adequately documented. . . ."

7 CFR 210.2 states in part: ". . . . *Nonprofit school food service* means all food service operations conducted by the school food authority principally for the benefit of schoolchildren, all of the revenue from which is used solely for the operation or improvement of such food services. . . ."

7 CFR 210.14(a) states in part: "*Nonprofit school food service.* School food authorities shall maintain a nonprofit school food service. Revenues received by the nonprofit school food service are to be used only for the operation or improvement of such food service, . . ."

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

7 CFR 210.14(f)(3) states: "All revenue from the sale of nonprogram foods shall accrue to the nonprofit school food service account of a participating school food authority."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards: . . .

(g) Be adequately documented. . . ."

2 CFR 200.430(i) states in part:

"*Standards for Documentation of Personnel Expenses* (1) Charges to Federal awards for salaries and wages must be based on records that accurately reflect the work performed.

These records must:

- (i) Be supported by a system of internal control which provides reasonable assurance that the charges are accurate, allowable, and properly allocated; . . .
- (iii) Reasonably reflect the total activity for which the employee is compensated by the non-Federal entity, not exceeding 100% of compensated activities (for IHE, this per the IHE's definition of IBS); . . .
- (vii) Support the distribution of the employee's salary or wages among specific activities or cost objectives if the employee works on more than one Federal award; a Federal award and non-Federal award; an indirect cost activity and a direct cost activity; two or more indirect activities which are allocated using different allocation bases; or an unallowable activity and a direct or indirect cost activity. . . ."

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with the requirements listed above.

Effect

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirements listed above could have resulted in the loss of funds to the School Corporation.

Questioned Costs

Known questioned costs of \$41,284 were identified in the *Condition*.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles, Program Income, and Special Tests and Provisions - School Food Accounts compliance requirements.

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

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-007

Subject: Child Nutrition Cluster - Reporting

Federal Agency: 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 Numbers and Years (or Other Identifying Numbers): SY 16-17, SY 17-18

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Reporting

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit. The prior audit finding number was 2016-004.

Condition

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Reporting compliance requirement.

The Food Service Director completed and submitted the required reports, including the Monthly Sponsor Claims for Reimbursement, School Food Authority (SFA) Verification Collection Reports, and Annual Financial Reports, without an oversight, review, or approval process, to ensure the accuracy of the reports.

The School Corporation did not fully comply with the reporting requirements regarding the Annual Financial Reports. There were errors on both reports submitted for the audit period. The amounts reported did not agree to the School Corporation's records.

Context

The lack of controls was a systemic issue throughout the audit period. The noncompliance was limited to both Annual Financial Reports submitted for the audit period.

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

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 200.302(b) states in part:

"The financial management system of each non-Federal entity must provide for the following:
. . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

2 CFR 200.207(a) states in part: "The Federal awarding agency or pass-through entity may impose additional specific award conditions as needed . . ."

Indiana Department of Education's *General Instructions: Annual Financial Report* states:

"All data reported is on a School Food Authority basis. It should include all financial transactions from July 1 through June 30, thereby accurately reflecting the financial position of the School Food Service Fund as of June 30. Accurate supporting documentation must be maintained by appropriate accounting officials whether consolidated Corporation-level accounting is used, or one or more Extra-Curricular accounts at separate schools are used.

The income total and expense total boxes should agree exactly with total revenues and total expenditures recorded in the SFA's accounting records. All expenses need to be allocated appropriately to all existing programs."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the reporting requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the reporting requirements. Noncompliance with the grant agreement and the reporting requirements could have resulted in the loss of funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Reporting compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

FINDING 2018-008

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

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

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14215-112-PN01, 45715-112-PN01,
14216-112-PN01, 45716-112-PN01,
14217-112-PN01, 45217-112-PN01,
18611-112-PN01, 18619-112-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Other Matters

Repeat Finding

This is a repeat finding from the immediately prior audit regarding suspension and debarment. The prior audit finding number was 2016-007.

Condition

Procurement

The School Corporation had not established effective controls to ensure that proper procurement policies were followed. One employee chose vendors without an oversight or review process.

Suspension and Debarment

The School Corporation did not have adequate policies or procedures in place to ensure that vendors were not suspended or debarred from participation in federal award programs. The School Corporation did not perform any procedures to ensure compliance with requirements regarding verification that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

Context

The lack of controls and noncompliance were systemic issues throughout the audit period.

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

Criteria

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking the SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

Cause

Management had not developed an effective system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

Questioned Costs

There were no questioned costs identified.

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

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Views of Responsible Officials

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

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

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2016-001

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education

Contact Person Responsible for Corrective Action: Todd VanDerWeele

Contact Phone Number: 574.223.2159

Status of Audit Finding:

Bank Reconciliations are done monthly. Superintendent reviews and signs monthly bank statements and will sign our internal monthly reconciliation worksheet.

Our bank deposits are prepared by the Treasurer, and the Deputy Treasurer reviews for accuracy and makes the deposit at our bank. As of February 2019, Treasurer prepares receipts, and deputy reviews before posting.

Our Human Resources Director distributes the Payroll Distribution Report to all department heads for review and approval.

FINDING 2016-002

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education

Contact Person Responsible for Corrective Action: Todd VanDerWeele

Contact Phone Number: 574.223.2159

Status of Audit Finding:

The school corporation is working to address this finding.

FINDING 2016-003

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education
Contact Person Responsible for Corrective Action: Todd VanDerWeele
Contact Phone Number: 574.223.2159

Status of Audit Finding:

Beginning in November 2018, corporation Treasurer is preparing a spreadsheet every month of Food Service revenues and expenses, including an average of three months expenditures. The Food Service Director is spending down money to keep district in compliance.

FINDING 2016-004

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education
Contact Person Responsible for Corrective Action: Todd VanDerWeele
Contact Phone Number: 574.223.2159

Status of Audit Finding:

The school corporation is working to address this finding.

FINDING 2016-005

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education
Contact Person Responsible for Corrective Action: Todd VanDerWeele
Contact Phone Number: 574.223.2159

Status of Audit Finding:

In the fall of the 2018-19 school year, the Business Manager is verifying 10% of Free and Reduced applications for accuracy. We are still in the process of establishing internal controls to address this finding.

FINDING 2016-006

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education
Contact Person Responsible for Corrective Action: Todd VanDerWeele
Contact Phone Number: 574.223.2159

Status of Audit Finding:

A clearing account (#8400) was established to show these funds separate from other Food Service activity.

FINDING 2016-7

Fiscal year in which the finding initially occurred: July 1, 2014 to June 30, 2016

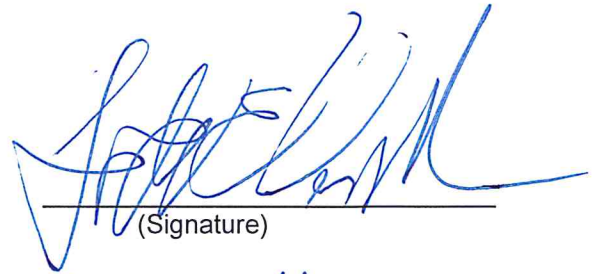
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: IN Department of Education

Contact Person Responsible for Corrective Action: Todd VanDerWeele

Contact Phone Number: 574.223.2159

Status of Audit Finding:

The school corporation is working to address this finding.



(Signature)

Business Manager

(Title)

February 18, 2019

(Date)



Rochester Community School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2018-001 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Initially, expenses for the bond project were taken from the wrong bank accounts. With assistance from our bank, Building Corporation expenses are submitted for payment with an affidavit, while School Corporation expenses are submitted with a depository agreement. Additionally, In February of 2019, all accounts of the Building Corporation were removed from the 2018 Bond fund and will be tracked separately. Further, all invoices, affidavits and depository agreements will be reviewed before submission to our financial institution.

Anticipated Completion Date: March 2019

(Signature)

Business Manager

(Title)



Rochester Community School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2018-002 (Auditor Assigned Reference Number)


Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: In order to eliminate the opportunity for erroneous reporting, all aspects of the SEFA will be reviewed by Department and/or Administrator responsible for the respective grant. Once accuracy is confirmed, the respective administrator will sign off on the SEFA, and the Business Manager will maintain supporting documents. Upon completion, and before submission, the SEFA will be reviewed by the Superintendent to not only ensure that reporting is complete and accurate, but that documents proving accuracy and verification are maintained.

Anticipated Completion Date: April 2019



(Signature)

Business Manager

(Title)



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CORRECTIVE ACTION PLAN

FINDING 2018-003 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the findings

Description of Corrective Action Plan: The Food Service Director will receive monthly lunchroom reports from the Business Manager. The report will include revenue and expenditures. The Food Service Director will continue to use these figures to ensure the amounts don't exceed three months average expenditures. The Food Service Director will look at each school building on a monthly basis to determine how to spend excess funds. The Food Service Director will implement a plan for equipment and cafeteria refurbishment to IDOE for approval.

The Food Service Director will select applications in accordance with NLSP. The director will proceed to the Direct Certification website and verify through direct verification. The applications that are not verified through Direct Certification will be sent letters to obtain income documentation. The Director will input the income verification received into the food service software. The Business Manager will review all the information and sign the verification part as well as the Director.

The Food Service Director will gather information and figures from NutriKids, and then enter that information into a working copy of the USDA tool. The Business Manager will verify these figures, the the Food Service Director will enter these figures into the USDA provided tool.

Anticipated Completion Date: May 2019



(Signature)

Food Service Director
(Title)



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CORRECTIVE ACTION PLAN

FINDING 2018-004 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The Food Service Director will receive Free and Reduced applications. The Director will input the information into the food service software. The Business Manager will review 10% of the applications verifying information and results are accurate and will sign the applications.

Anticipated Completion Date: May 2019



(Signature)

Food Service Director
(Title)



Rochester Community School Corporation

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CORRECTIVE ACTION PLAN

FINDING 2018-005 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Purchasing procurement and consortium associations that the School Corporation utilizes comply with the Suspension and Disbarment requirements. To ensure compliance at the district level, the School Corporation will ensure that all vendors utilized for goods and services are not prohibited per Federal requirements by incorporating required practices into school policy. To ensure vendors are not suspended or disbarred, proof of eligibility will be obtained and included with purchasing documents maintained by the School Corporation.

When purchasing items with a per item cost over \$5,000.00 or purchases over \$3,500.00, the Food Service Director will obtain three quotes or bids. These quotes or bids will be reviewed and verified by the Business Manager.

Anticipated Completion Date: May 2019


(Signature)

Food Service Director
(Title)



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CORRECTIVE ACTION PLAN

FINDING 2018-006 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The Food Service Director and the Business Manager have established a separate account for prepaid. Since establishing and separate account, reporting is more accurate and transparent. A transfer from prepaid to student lunches is done monthly.

The free meal program for custodians and principals has been discontinued. The Food Service Director will periodically review collections of school lunch to ensure income is properly assessed and recorded.

The portion of the Business Manager's salary that was taken from the food service fund has ended. The Food Service Director will periodically review costs to ensure these costs are for the operation of the program.

Anticipated Completion Date: May 2019


(Signature)

Food Service Director
(Title)



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CORRECTIVE ACTION PLAN

FINDING 2018-007 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager

Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: The Food Service Director will prepare all required reports. Prior to submission these reports will be reviewed for accuracy by the Business Manager.

Anticipated Completion Date: April 2019



(Signature)

Food Service Director
(Title)



Rochester Community School Corporation

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

CORRECTIVE ACTION PLAN

FINDING 2018-008 (Auditor Assigned Reference Number)

Contact Person Responsible for Corrective Action: Todd VanDerWeele, Business Manager
Contact Phone Number: (574) 223.2159 x5006

Views of Responsible Official: We concur with the finding

Description of Corrective Action Plan: Purchasing procurement and consortium associations that the School Corporation utilizes comply with the Suspension and Disbarment requirements. To ensure compliance at the district level for required grants, the School Corporation will ensure that all vendors utilized for goods and services are not prohibited per Federal requirements by incorporating required practices into school policy. To ensure vendors are not suspended or disbarred, proof of eligibility will be obtained and included with purchasing documents maintained by the School Corporation.

Anticipated Completion Date: May 2019



(Signature)

Business Manager
(Title)

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.