

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

AUDIT REPORT

OF

BARR-REEVE COMMUNITY SCHOOLS, INC.

DAVISS COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

01/24/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Lottes	07-01-08 to 06-30-11
Superintendent of Schools	Dr. Brian Harmon	07-01-08 to 06-30-11
President of the School Board	Galen Graber Joe Cummings Scott Lottes	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE BARR-REEVE COMMUNITY
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barr-Reeve Community Schools, Inc. (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2009 and 2010, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated December 14, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS
AND SUPPLEMENTARY SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The Schedule of Funding Progress, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

The School Corporation has not presented Management's Discussion and Analysis, Schedule of Contributions From the Employer and Other Contributing Entities, or Budgetary Comparison Schedules that accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the basic financial statements.

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

STATE BOARD OF ACCOUNTS

December 14, 2010



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

TO: THE OFFICIALS OF THE BARR-REEVE COMMUNITY
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Barr-Reeve Community Schools, Inc. (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

December 14, 2010

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,646,082	\$ -	\$ 121,505	\$ (3,524,577)
Support services	2,173,359	230,143	74,752	(1,868,464)
Noninstructional services	475,354	-	-	(475,354)
Facilities acquisition and construction	194,977	-	-	(194,977)
Debt service	674,160	-	-	(674,160)
Nonprogrammed charges	389,358	-	-	(389,358)
Total governmental activities	\$ 7,553,290	\$ 230,143	\$ 196,257	(7,126,890)
General receipts:				
Property taxes				3,081,399
Other local sources				529,822
State aid				2,982,996
Grants and contributions not restricted to specific programs				1,093,417
Investment earnings				72,297
Other				200
Total general receipts				7,760,131
Change in net assets				633,241
Net assets - beginning				3,154,950
Net assets - ending				\$ 3,788,191
<u>Assets</u>				
Cash and investments				\$ 2,852,417
Restricted assets:				
Cash and investments				935,774
Total assets				\$ 3,788,191
<u>Net Assets</u>				
Restricted for:				
Other purposes				\$ 935,774
Unrestricted				2,852,417
Total net assets				\$ 3,788,191

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2010

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 3,738,534	\$ -	\$ 34,573	\$ (3,703,961)
Support services	2,325,296	234,459	93,468	(1,997,369)
Noninstructional services	452,255	-	-	(452,255)
Facilities acquisition and construction	259,496	-	-	(259,496)
Debt service	691,337	-	-	(691,337)
Nonprogrammed charges	605,339	-	-	(605,339)
<u>Total governmental activities</u>	<u>\$ 8,072,257</u>	<u>\$ 234,459</u>	<u>\$ 128,041</u>	<u>(7,709,757)</u>
General receipts:				
Property taxes				2,523,493
Other local sources				464,082
State aid				4,007,100
Grants and contributions not restricted to specific programs				961,213
Investment earnings				32,651
Other				1,077
<u>Total general receipts</u>				<u>7,989,616</u>
Change in net assets				279,859
Net assets - beginning				<u>3,788,191</u>
Net assets - ending				<u>\$ 4,068,050</u>
<u>Assets</u>				
Cash and investments				\$ 2,759,772
Restricted assets:				
Cash and investments				<u>1,308,278</u>
<u>Total assets</u>				<u>\$ 4,068,050</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 243,172
Other purposes				1,065,106
Unrestricted				<u>2,759,772</u>
<u>Total net assets</u>				<u>\$ 4,068,050</u>

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2009

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 1,554,975	\$ -	\$ -	\$ 546,482	\$ 744,120	\$ 959,576	\$ 3,805,153
Intermediate sources	161	-	-	-	-	263	424
State sources	3,077,174	-	-	-	-	54,126	3,131,300
Federal sources	-	-	355,871	-	-	785,498	1,141,369
Other	100	-	-	-	-	100	200
Total receipts	4,632,410	-	355,871	546,482	744,120	1,799,563	8,078,446
Disbursements:							
Current:							
Instruction	3,007,665	800	-	-	-	637,617	3,646,082
Support services	1,333,667	-	-	-	303,695	535,997	2,173,359
Noninstructional services	119,494	-	-	-	-	355,860	475,354
Facilities acquisition and construction	-	-	-	-	194,977	-	194,977
Debt services	-	-	-	442,104	-	232,056	674,160
Nonprogrammed charges	415,407	-	-	-	-	5,500	420,907
Total disbursements	4,876,233	800	-	442,104	498,672	1,767,030	7,584,839
Excess (deficiency) of receipts over disbursements	(243,823)	(800)	355,871	104,378	245,448	32,533	493,607
Other financing sources (uses):							
Transfers in	147,500	725,000	-	-	-	308,165	1,180,665
Transfers out	(59,297)	-	-	(257,171)	(382,767)	(481,430)	(1,180,665)
Total other financing sources (uses)	88,203	725,000	-	(257,171)	(382,767)	(173,265)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(155,620)	724,200	355,871	(152,793)	(137,319)	(140,732)	493,607
Cash and investments - beginning	928,173	542,044	-	66,158	53,315	607,663	2,197,353
Cash and investments - ending	\$ 772,553	\$ 1,266,244	\$ 355,871	\$ (86,635)	\$ (84,004)	\$ 466,931	2,690,960
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							1,097,231
Net assets of governmental activities							\$ 3,788,191
Cash and Investment Assets - Ending							
Cash and investments	\$ 772,553	\$ 1,266,244	\$ 355,871	\$ -	\$ (84,004)	\$ 541,753	\$ 2,852,417
Restricted assets:							
Cash and investments	-	-	-	(86,635)	-	(74,822)	(161,457)
Total cash and investment assets - ending	\$ 772,553	\$ 1,266,244	\$ 355,871	\$ (86,635)	\$ (84,004)	\$ 466,931	\$ 2,690,960
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	(86,635)	\$ -	(74,822)	(161,457)
Unrestricted	772,553	1,266,244	355,871	-	(84,004)	541,753	2,852,417
Total cash and investment fund balance - ending	\$ 772,553	\$ 1,266,244	\$ 355,871	\$ (86,635)	\$ (84,004)	\$ 466,931	\$ 2,690,960

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2010

	General	Rainy Day	Fiscal Stabilization	Debt Service	Capital Projects	Other	Totals
Receipts:							
Local sources	\$ 62,814	\$ -	\$ -	\$ 865,151	\$ 1,002,645	\$ 1,230,460	\$ 3,161,070
Intermediate sources	14,144	-	-	-	-	113	14,257
State sources	4,013,460	-	-	-	-	44,296	4,057,756
Federal sources	-	-	147,535	-	-	891,062	1,038,597
Other	-	-	-	-	-	1,077	1,077
Total receipts	4,090,418	-	147,535	865,151	1,002,645	2,167,008	8,272,757
Disbursements:							
Current:							
Instruction	3,014,814	-	9,551	-	-	714,169	3,738,534
Support services	1,231,482	-	-	-	332,364	761,450	2,325,296
Noninstructional services	120,705	-	-	-	-	331,550	452,255
Facilities acquisition and construction	-	-	-	-	259,496	-	259,496
Debt services	-	-	-	459,429	-	231,908	691,337
Nonprogrammed charges	-	-	493,855	-	-	-	493,855
Total disbursements	4,367,001	-	503,406	459,429	591,860	2,039,077	7,960,773
Excess (deficiency) of receipts over disbursements	(276,583)	-	(355,871)	405,722	410,785	127,931	311,984
Other financing sources (uses):							
Transfers in	24,611	150,000	-	-	-	85,427	260,038
Transfers out	-	-	-	(100,000)	-	(160,038)	(260,038)
Total other financing sources (uses)	24,611	150,000	-	(100,000)	-	(74,611)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(251,972)	150,000	(355,871)	305,722	410,785	53,320	311,984
Cash and investments - beginning	772,553	1,266,244	355,871	(86,635)	(84,004)	466,931	2,690,960
Cash and investments - ending	\$ 520,581	\$ 1,416,244	\$ -	\$ 219,087	\$ 326,781	\$ 520,251	3,002,944
Amounts reported for governmental activities in the Statement of Cash Activities and Net Assets - Cash and Investment Basis are different because:							
Internal service funds are used by management to charge the costs of certain services to individual funds. The receipts and disbursements of the internal service funds are included in governmental activities in the Statement of Activities and Net Assets - Cash and Investment Basis.							
							1,065,106
Net assets of governmental activities							\$ 4,068,050
Cash and Investment Assets - Ending							
Cash and investments	\$ 520,581	\$ 1,416,244	\$ -	\$ -	\$ 326,781	\$ 496,166	\$ 2,759,772
Restricted assets:							
Cash and investments	-	-	-	219,087	-	24,085	243,172
Total cash and investment assets - ending	\$ 520,581	\$ 1,416,244	\$ -	\$ 219,087	\$ 326,781	\$ 520,251	\$ 3,002,944
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ 219,087	\$ -	\$ 24,085	\$ 243,172
Unrestricted	520,581	1,416,244	-	-	326,781	496,166	2,759,772
Total cash and investment fund balance - ending	\$ 520,581	\$ 1,416,244	\$ -	\$ 219,087	\$ 326,781	\$ 520,251	\$ 3,002,944

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2009

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 893,834
Miscellaneous	<u>53,509</u>
Total operating receipts	<u>947,343</u>
Operating disbursements:	
Insurance claims and expense	<u>807,709</u>
Change in net assets	139,634
Cash and investment fund balance - beginning	<u>957,597</u>
Cash and investment fund balance - ending	<u>\$ 1,097,231</u>
 <u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,097,231</u>
 <u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,097,231</u>

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS, DISBURSEMENTS,
AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
PROPRIETARY FUND
For the Year Ended June 30, 2010

	<u>Internal Service Fund</u>
Operating receipts:	
Charges for services	\$ 877,362
Miscellaneous	<u>34,517</u>
Total operating receipts	<u>911,879</u>
Operating disbursements:	
Insurance claims and expense	<u>944,004</u>
Change in net assets	(32,125)
Cash and investment fund balance - beginning	<u>1,097,231</u>
Cash and investment fund balance - ending	<u>\$ 1,065,106</u>
<u>Cash and Investment Assets - Ending</u>	
Restricted assets:	
Cash and investments	<u>\$ 1,065,106</u>
<u>Cash and Investment Fund Balance - Ending</u>	
Restricted for:	
Other purposes	<u>\$ 1,065,106</u>

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2009

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ 30	\$ 1,024	
Deductions:			
Benefits	142,989	-	
Administrative and general	-	1,446	
Total deductions	142,989	1,446	
Deficiency of total additions over total deductions	(142,959)	(422)	
Cash and investment fund balance - beginning	208,626	1,024	
Cash and investment fund balance - ending	\$ 65,667	\$ 602	\$ 2,620
Net assets:			
Cash and investments	\$ 65,667	\$ 602	\$ 2,620
Total net assets - cash and investment basis held in trust	\$ 65,667	\$ 602	\$ 2,620

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 1,000	
Deductions:			
Benefits	41,905	-	
Administrative and general	-	1,602	
Total deductions	41,905	1,602	
Excess (deficiency) of total additions over total deductions	(41,905)	(602)	
Cash and investment fund balance - beginning	65,667	602	
Cash and investment fund balance - ending	\$ 23,762	\$ -	\$ 50,093
Net assets:			
Cash and investments	\$ 23,762	\$ -	\$ 50,093
Total net assets - cash and investment basis held in trust	\$ 23,762	\$ -	\$ 50,093

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Barr-Reeve Community Schools, Inc.

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Twin Rivers Career and Technical Education Area which was created to develop and operate vocational education of students of the participating school corporations. The School Corporation is obligated by contract to remit annually a prorated amount based upon each participating school corporation's enrollment. The Twin Rivers Career and Technical Education Area use the surplus resources to provide vocational education for the participating school students. The School Corporation is obligated for a pro-rata share of the debts of the Twin Rivers Career and Technical Education Area. The Twin Rivers Career and Technical Education Area's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Twin Rivers Career and Technical Education Area can be obtained from the Twin Rivers administrative office at 20 N 3rd Street, Vincennes, IN 47591.

The School Corporation is a participant in a joint venture to operate Southern Indiana Education Center (SIEC) which was created to operate and maintain an educational service center in order to allow participating school corporations to cooperate and share certain programs and services. The School Corporation is obligated by contract to remit annually a fee for membership in an amount determined by the governing board of the SIEC. The School Corporation is obligated for the debts of the SIEC. The Southern Indiana Education Center (SIEC)'s continued existence depends on continued funding by the School Corporation. Complete financial statements for the Southern Indiana Education Center (SIEC) can be obtained from Southwest Dubois County School Corporation, 113 Jackson Street, Huntingburg, IN 47542.

The School Corporation is a participant in a joint venture to operate Daviess-Martin Special Education Cooperative which was created to develop and operate special education programs for students within the jurisdiction of the participating school corporations. The School Corporation is required by contract to remit annually a prorated amount based upon each participating school corporation's enrollment to supplement the Cooperative. The Cooperative uses the surplus resources to provide special education for participating school students. The School Corporation is obligated for a pro-rata share of the debt of the Cooperative. The Daviess-Martin Special

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

Education Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Daviess-Martin Special Education Cooperative can be obtained from the Cooperative's administrative office at P.O. Box 637, Washington, IN 47501.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The Rainy Day Fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

The Fiscal Stabilization Fund accounts for receipts and disbursements of cash received from the federal government to be used to supplement funding of local, state, and federal programs.

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

The Capital Projects Fund accounts for planned construction, repair, replacement, or remodeling of buildings; and the purchase, lease, upgrade, maintenance, or repair of computer equipment.

Additionally, the School Corporation reports the following fund types:

The internal service fund accounts for all receipts and disbursements from the School Corporation's self-insurance fund.

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

The pension trust fund accounts for bonds and payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits held by the school cooperation in a trustee capacity.

The private-purpose trust funds report a trust arrangement under which principal and income benefits the students and school corporation.

Agency funds account for assets held by the School Corporation as an agent for employee payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

All restricted assets, as presented in the accompanying financial statements, are restricted due to enabling legislation.

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Cash and Investments

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

3. Property Taxes

Normally, property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

4. Capital Assets

Capital assets arising from cash transactions acquired for use in governmental or proprietary fund operations are accounted for as capital outlay disbursements of the fund upon acquisition.

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as a liability in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

- a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.
- b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

Fund Financial Statements

Governmental fund equity is classified as fund balance. Proprietary fund equity is classified the same as in the government-wide statements.

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

Amounts reported as program receipts include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

2. Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services and producing and delivering goods and/or services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

F. Internal and Interfund Activities

In the process of aggregating the financial information for the government-wide Statement of Activities and Net Assets – Cash and Investment Basis, some amounts reported as interfund activity in the fund financial statements have been eliminated or reclassified.

Fund Financial Statements

1. Interfund services – Sales or purchases of goods and services between funds are reported as receipts and disbursements.
2. Interfund reimbursements – Repayments from funds responsible for certain disbursements to the funds that initially paid for them are not reported as reimbursements but as adjustments to disbursements in the respective funds.
3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

BARR-REEVE COMMUNITY SCHOOLS, INC.
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on the cash basis, which is not consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

The School Corporation's management cannot transfer budgeted appropriations between object classifications of a budget without approval of the governing board. The Indiana Department of Local Government Finance must approve any revisions to the appropriations for any fund or any department of the General Fund. The legal level of budgetary control is by object and department within the fund for the General Fund and by object within the fund for all other budgeted funds.

B. Cash Balance Deficits

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

Fund	2008-09
Debt Service	\$ (86,635)
Capital Projects	(84,004)
Retirement Severance Bond	(74,822)

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$4,208,363.

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2009 and 2010, were as follows:

Transfer From	Transfer To	2008-09	2009-10
General Fund	Other Governmental Funds	\$ 59,297	\$ -
Debt Service Fund	Rainy Day Fund	250,000	100,000
	Other Governmental Funds	7,171	-
Capital Projects Fund	General Fund	147,500	-
	Rainy Day Fund	225,000	-
	Other Governmental Funds	10,267	-
Other Governmental Funds	General Fund	-	24,611
	Rainy Day Fund	250,000	50,000
	Other Governmental Funds	231,430	85,427
Totals		<u>\$ 1,180,665</u>	<u>\$ 260,038</u>

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

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters are covered by commercial insurance from independent third parties.

The School Corporation has chosen to establish a risk financing fund for risks associated with medical benefits to employees, retirees, and dependents. The risk financing fund is accounted for in the Self-Insurance Fund, an internal service fund, where assets are set aside for claim settlements. The School Corporation purchases commercial insurance for claims in excess of coverage provided by the fund. Amounts are paid into the fund by all insured funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based primarily upon the percentage of each fund's current year payroll as it relates to total payroll, and are reported as quasi-external interfund transactions.

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

During 2005, the School Corporation joined with other governmental entities in the Indiana Public Employer's Plan, a public entity risk pool currently operating as a common risk management and insurance program for 512 member governmental entities. This risk pool was formed in 1990. The purpose of the risk pool is to provide a medium for the funding and administration of job related illness or injuries to employees. The School Corporation pays an annual premium to the risk pool for its job related illness or injuries to employees coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$1,000,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$1,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Barr-Reeve Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ending June 30, 2009 and 2010, totaled \$357,000 and \$364,000, respectively.

C. Subsequent Events

The School Corporation was notified July 30, 2011, that it had been awarded 2010 Qualified School Construction Bonds in the amount of \$2,000,000. The proceeds of the bonds will be used for renovation of and improvements to Barr-Reeve Jr/Sr High School. The School Board signed an agreement with VPS Architecture of Evansville, Indiana for architectural services for the project on September 14, 2010. The School Board also entered into a lease agreement with the Barr-Reeve School Building Corporation on November 9, 2010, to lease the premises to the School Corporation. Annual lease rental payments are scheduled to begin in 2012 and continue through 2026. The Indiana Bond Bank closed the bond sale on December 9, 2010.

D. Termination Benefits

For teachers and administrators who were hired after the 2003/04 school year, 1.1% of their informational salary (salary plus 3% for TRF) is paid into an individual 401(a) plan. The teacher is considered vested after 5 years of service with the School Corporation. During 2009-10 the School Corporation contributed \$4,365 for 9 teachers.

For teachers and administrators who were hired prior to the 2003/04 school year the following amounts are paid into individual 401(a) plan by 7/15 of each year: (a) an individual present value of \$115/day of accumulated sick days in excess of 100 and accumulated personal leave days in excess of 5, and (b) if no personal leave and/or sick leave days are used during the year, a bonus of the individual present values of \$500 and/or \$1000, respectively. Upon retirement, the individual present value of 1 day of pay for each year of service with the School Corporation plus the individual present value of 1 day of pay for the balance of sick days (100 max) and personal leave days (5 max) is also paid into the individual 401(a) plans. The teachers are considered vested at age 55 with 10 years of service to the School Corporation. Administrators are considered vested after 5 years of service to the School Corporation. During 2009-10, the School Corporation contributed \$53,828 for 44 teachers and administrators. The 401(a) accounts are administered by MetLife.

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Other Postemployment Benefits

Defined Contribution Healthcare Plan

Plan Description

Barr-Reeve Community School Corporation Healthcare Plan is a defined contribution healthcare plan administered by Dunn and Associates Benefit Administrators. The plan provides single vision, single or family dental, life and accidental death and dismemberment insurance benefits until the employee is eligible for Medicare to eligible retirees. Indiana Code 5-10-8 assigns the authority to establish and amend benefit provisions to the School Corporation.

Funding Policy

The contribution requirements of plan members for the Barr-Reeve Community School Corporation Healthcare Plan are established by the School Corporation's governing board. The retirees are required to pay 100% of the cost of the insurance except for \$600 or \$1150 which is contributed by the School Corporation per employee each year. The amount contributed by the School Corporation is determined by whether the retiree elects single or family dental coverage. Only teachers and administrators hired prior to the 2003-04 school year are eligible for this benefit. Currently, no retirees are receiving this benefit.

In addition to the above defined contribution healthcare plan, the School Corporation has established individual VEBA accounts for teachers and administrators that are administered by Mid-America Administrative and Retirement Solutions. For teachers and administrators who were hired prior to 2003-04 school year, 1.65% of the individual's informational salary (salary plus 3% TRF) is paid monthly into their VEBA account. During 2009-10, the School Corporation has contributed \$42,959 for 44 individuals. For teachers and administrators who were hired after 2003-04 school year, 1.1% of the individual's informational salary is contributed into the VEBA account monthly. During 2009-10, the School Corporation contributed \$4,410 for 9 individuals.

F. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$106,370.

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

Teachers' Retirement Fund

Plan Description

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

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

Teachers' Retirement Fund
150 West Market Street
Indianapolis, IN 46204
Ph. (317) 232-3860

Funding Policy

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation's contributions to the plan during the period were \$208,543.

BARR-REEVE COMMUNITY SCHOOLS, INC.
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-07	\$ 528,482	\$ 487,686	\$ 40,796	108%	\$ 517,070	8%
07-01-08	576,399	513,673	62,726	112%	496,518	13%
07-01-09	615,378	607,923	7,455	101%	560,445	1%

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate Fee
Receipts:						
Local sources	\$ 425,550	\$ 3,607	\$ 206,511	\$ 91,644	\$ -	\$ -
Intermediate sources	-	-	-	-	-	263
State sources	-	9,385	6,037	10,378	-	-
Federal sources	-	-	106,613	-	-	-
Other	-	-	100	-	-	-
Total receipts	425,550	12,992	319,261	102,022	-	263
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	307,804	-	100	135,260	-	-
Noninstructional services	-	-	340,718	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	5,500	-	-	-	-
Total disbursements	307,804	5,500	340,818	135,260	-	-
Excess (deficiency) of receipts over disbursements	117,746	7,492	(21,557)	(33,238)	-	263
Other financing sources (uses):						
Transfers in	51,721	-	35,000	-	51,721	-
Transfers out	(256,443)	(68)	-	-	(51,721)	-
Total other financing sources (uses)	(204,722)	(68)	35,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(86,976)	7,424	13,443	(33,238)	-	263
Cash and investments - beginning	147,975	15,812	15,023	64,994	-	3,094
Cash and investments - ending	<u>\$ 60,999</u>	<u>\$ 23,236</u>	<u>\$ 28,466</u>	<u>\$ 31,756</u>	<u>\$ -</u>	<u>\$ 3,357</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 60,999	\$ 23,236	\$ 28,466	\$ 31,756	\$ -	\$ 3,357
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 60,999</u>	<u>\$ 23,236</u>	<u>\$ 28,466</u>	<u>\$ 31,756</u>	<u>\$ -</u>	<u>\$ 3,357</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	60,999	23,236	28,466	31,756	-	3,357
Total cash and investment fund balance - ending	<u>\$ 60,999</u>	<u>\$ 23,236</u>	<u>\$ 28,466</u>	<u>\$ 31,756</u>	<u>\$ -</u>	<u>\$ 3,357</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Universal Service	Gifted and Talented 2008-09	ISTA Library Grant	Title I 2007-08	Title I 2008-09	Title V Innovative Program 2008-09
Receipts:						
Local sources	\$ 2,590	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	28,326	-	-	-	-
Federal sources	-	-	-	-	537,640	-
Other	-	-	-	-	-	-
Total receipts	2,590	28,326	-	-	537,640	-
Disbursements:						
Current:						
Instruction	-	21,855	23,223	124,257	361,667	20,494
Support services	-	-	-	11,210	64,770	-
Noninstructional services	-	-	-	-	15,142	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	21,855	23,223	135,467	441,579	20,494
Excess (deficiency) of receipts over disbursements	2,590	6,471	(23,223)	(135,467)	96,061	(20,494)
Other financing sources (uses):						
Transfers in	-	-	-	-	149,229	20,494
Transfers out	-	-	-	(149,229)	-	-
Total other financing sources (uses)	-	-	-	(149,229)	149,229	20,494
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,590	6,471	(23,223)	(284,696)	245,290	-
Cash and investments - beginning	28,645	-	23,223	284,696	-	-
Cash and investments - ending	\$ 31,235	\$ 6,471	\$ -	\$ -	\$ 245,290	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 31,235	\$ 6,471	\$ -	\$ -	\$ 245,290	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 31,235	\$ 6,471	\$ -	\$ -	\$ 245,290	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	31,235	6,471	-	-	245,290	-
Total cash and investment fund balance - ending	\$ 31,235	\$ 6,471	\$ -	\$ -	\$ 245,290	\$ -

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Drug Free Schools 2007-08	Drug Free Schools 2008-09	Drug Free Schools 2006-07	Improving Teacher Quality Grant	Title II 2008-09	Title II Technology 2007-08
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	6,485	-	-	78,763	-
Other	-	-	-	-	-	-
Total receipts	-	6,485	-	-	78,763	-
Disbursements:						
Current:						
Instruction	4,570	2,107	1,066	33,187	22,943	-
Support services	-	-	-	-	-	16,029
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	4,570	2,107	1,066	33,187	22,943	16,029
Excess (deficiency) of receipts over disbursements	(4,570)	4,378	(1,066)	(33,187)	55,820	(16,029)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	(3,242)	-	-	(17,252)	-
Total other financing sources (uses)	-	(3,242)	-	-	(17,252)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(4,570)	1,136	(1,066)	(33,187)	38,568	(16,029)
Cash and investments - beginning	4,570	-	1,066	33,187	-	16,029
Cash and investments - ending	\$ -	\$ 1,136	\$ -	\$ -	\$ 38,568	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 1,136	\$ -	\$ -	\$ 38,568	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 1,136	\$ -	\$ -	\$ 38,568	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,136	-	-	38,568	-
Total cash and investment fund balance - ending	\$ -	\$ 1,136	\$ -	\$ -	\$ 38,568	\$ -

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title II Technology 2008-10	Rural Schools Grant	Retirement Severance Bond	School Bus Replacement	Totals
Receipts:					
Local sources	\$ 185	\$ -	\$ 229,489	\$ -	\$ 959,576
Intermediate sources	-	-	-	-	263
State sources	-	-	-	-	54,126
Federal sources	36,202	19,795	-	-	785,498
Other	-	-	-	-	100
Total receipts	36,387	19,795	229,489	-	1,799,563
Disbursements:					
Current:					
Instruction	-	22,248	-	-	637,617
Support services	824	-	-	-	535,997
Noninstructional services	-	-	-	-	355,860
Debt services	-	-	232,056	-	232,056
Nonprogrammed charges	-	-	-	-	5,500
Total disbursements	824	22,248	232,056	-	1,767,030
Excess (deficiency) of receipts over disbursements	35,563	(2,453)	(2,567)	-	32,533
Other financing sources (uses):					
Transfers in	-	-	-	-	308,165
Transfers out	-	-	(3,475)	-	(481,430)
Total other financing sources (uses)	-	-	(3,475)	-	(173,265)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	35,563	(2,453)	(6,042)	-	(140,732)
Cash and investments - beginning	-	22,248	(68,780)	15,881	607,663
Cash and investments - ending	<u>\$ 35,563</u>	<u>\$ 19,795</u>	<u>\$ (74,822)</u>	<u>\$ 15,881</u>	<u>\$ 466,931</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 35,563	\$ 19,795	\$ -	\$ 15,881	\$ 541,753
Restricted assets:					
Cash and investments	-	-	(74,822)	-	(74,822)
Total cash and investment assets - ending	<u>\$ 35,563</u>	<u>\$ 19,795</u>	<u>\$ (74,822)</u>	<u>\$ 15,881</u>	<u>\$ 466,931</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ (74,822)	\$ -	\$ (74,822)
Unrestricted	35,563	19,795	-	15,881	541,753
Total cash and investment fund balance - ending	<u>\$ 35,563</u>	<u>\$ 19,795</u>	<u>\$ (74,822)</u>	<u>\$ 15,881</u>	<u>\$ 466,931</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate Fee	Universal Service	Gifted and Talented 2008-09
Receipts:							
Local sources	\$ 599,547	\$ -	\$ 216,753	\$ 80,308	\$ -	\$ 3,037	\$ -
Intermediate sources	-	-	-	-	113	-	-
State sources	-	1,375	4,765	9,944	-	-	-
Federal sources	-	-	80,253	-	-	-	-
Other	1,077	-	-	-	-	-	-
Total receipts	600,624	1,375	301,771	90,252	113	3,037	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	6,471
Support services	380,648	-	-	90,341	-	10,000	-
Noninstructional services	-	-	314,782	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	380,648	-	314,782	90,341	-	10,000	6,471
Excess (deficiency) of receipts over disbursements	219,976	1,375	(13,011)	(89)	113	(6,963)	(6,471)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	(50,000)	(24,611)	-	-	-	-	-
Total other financing sources (uses)	(50,000)	(24,611)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	169,976	(23,236)	(13,011)	(89)	113	(6,963)	(6,471)
Cash and investments - beginning	60,999	23,236	28,466	31,756	3,357	31,235	6,471
Cash and investments - ending	\$ 230,975	\$ -	\$ 15,455	\$ 31,667	\$ 3,470	\$ 24,272	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 230,975	\$ -	\$ 15,455	\$ 31,667	\$ 3,470	\$ 24,272	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 230,975	\$ -	\$ 15,455	\$ 31,667	\$ 3,470	\$ 24,272	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	230,975	-	15,455	31,667	3,470	24,272	-
Total cash and investment fund balance - ending	\$ 230,975	\$ -	\$ 15,455	\$ 31,667	\$ 3,470	\$ 24,272	\$ -

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Gifted and Talented 2009-10	Title I 2008-09	Title I 2009-10	Title V Innovative Program 2009-10	Drug Free Schools 2008-09	Drug Free Schools 2009-10	Title II 2008-09
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	28,212	-	-	-	-	-	-
Federal sources	-	42,104	480,100	360	-	8,831	-
Other	-	-	-	-	-	-	-
Total receipts	28,212	42,104	480,100	360	-	8,831	-
Disbursements:							
Current:							
Instruction	24,484	152,866	332,028	-	1,136	2,333	38,568
Support services	-	48,143	135,889	360	-	-	-
Noninstructional services	-	5,373	11,395	-	-	-	-
Debt services	-	-	-	-	-	-	-
Total disbursements	24,484	206,382	479,312	360	1,136	2,333	38,568
Excess (deficiency) of receipts over disbursements	3,728	(164,278)	788	-	(1,136)	6,498	(38,568)
Other financing sources (uses):							
Transfers in	-	-	81,012	-	-	-	-
Transfers out	-	(81,012)	-	-	-	(4,415)	-
Total other financing sources (uses)	-	(81,012)	81,012	-	-	(4,415)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,728	(245,290)	81,800	-	(1,136)	2,083	(38,568)
Cash and investments - beginning	-	245,290	-	-	1,136	-	38,568
Cash and investments - ending	\$ 3,728	\$ -	\$ 81,800	\$ -	\$ -	\$ 2,083	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 3,728	\$ -	\$ 81,800	\$ -	\$ -	\$ 2,083	\$ -
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 3,728	\$ -	\$ 81,800	\$ -	\$ -	\$ 2,083	\$ -
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,728	-	81,800	-	-	2,083	-
Total cash and investment fund balance - ending	\$ 3,728	\$ -	\$ 81,800	\$ -	\$ -	\$ 2,083	\$ -

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Title II 2009-10	Title II Technology 2008-10	Rural Schools Grant	Title I Stimulus	Retirement Severance Bond	School Bus Replacement	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 330,815	\$ -	\$ 1,230,460
Intermediate sources	-	-	-	-	-	-	113
State sources	-	-	-	-	-	-	44,296
Federal sources	80,095	-	-	199,319	-	-	891,062
Other	-	-	-	-	-	-	1,077
Total receipts	80,095	-	-	199,319	330,815	-	2,167,008
Disbursements:							
Current:							
Instruction	21,364	-	19,795	115,124	-	-	714,169
Support services	-	29,179	-	66,890	-	-	761,450
Noninstructional services	-	-	-	-	-	-	331,550
Debt services	-	-	-	-	231,908	-	231,908
Total disbursements	21,364	29,179	19,795	182,014	231,908	-	2,039,077
Excess (deficiency) of receipts over disbursements	58,731	(29,179)	(19,795)	17,305	98,907	-	127,931
Other financing sources (uses):							
Transfers in	4,415	-	-	-	-	-	85,427
Transfers out	-	-	-	-	-	-	(160,038)
Total other financing sources (uses)	4,415	-	-	-	-	-	(74,611)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	63,146	(29,179)	(19,795)	17,305	98,907	-	53,320
Cash and investments - beginning	-	35,563	19,795	-	(74,822)	15,881	466,931
Cash and investments - ending	\$ 63,146	\$ 6,384	\$ -	\$ 17,305	\$ 24,085	\$ 15,881	\$ 520,251
Cash and Investment Assets - Ending							
Cash and investments	\$ 63,146	\$ 6,384	\$ -	\$ 17,305	\$ -	\$ 15,881	\$ 496,166
Restricted assets:							
Cash and investments	-	-	-	-	24,085	-	24,085
Total cash and investment assets - ending	\$ 63,146	\$ 6,384	\$ -	\$ 17,305	\$ 24,085	\$ 15,881	\$ 520,251
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 24,085	\$ -	\$ 24,085
Unrestricted	63,146	6,384	-	17,305	-	15,881	496,166
Total cash and investment fund balance - ending	\$ 63,146	\$ 6,384	\$ -	\$ 17,305	\$ 24,085	\$ 15,881	\$ 520,251

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009

	<u>Barr-Reeve Literacy</u>	<u>SINE Student Success</u>	<u>Totals</u>
Additions:			
Contributions:			
Other	\$ -	\$ 1,024	\$ 1,024
	<u> </u>	<u> </u>	<u> </u>
Deductions:			
Administrative and general	<u>1,024</u>	<u>422</u>	<u>1,446</u>
Excess (deficiency) of total additions over total deductions	(1,024)	602	(422)
Cash and investment fund balance - beginning	<u>1,024</u>	<u>-</u>	<u>1,024</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 602</u>
Net assets:			
Cash and investments	\$ -	\$ 602	\$ 602
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 602</u>	<u>\$ 602</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010

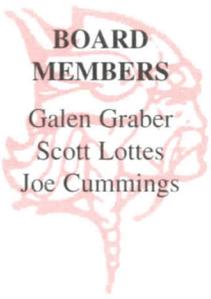
	Barr-Reeve Literacy	SINE Student Success	Totals
Additions:			
Contributions:			
Other	\$ 1,000	\$ -	\$ 1,000
Deductions:			
Administrative and general	1,000	602	1,602
Excess (deficiency) of total additions over total deductions	-	(602)	(602)
Cash and investment fund balance - beginning	-	602	602
Cash and investments - June 30	\$ -	\$ -	\$ -
Net assets:			
Cash and investments	\$ -	\$ -	\$ -
Total net assets - cash and investment basis held in trust	\$ -	\$ -	\$ -

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2009

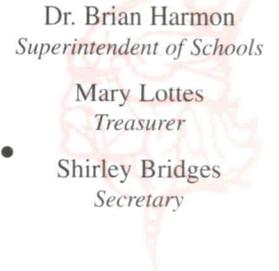
	Prepaid Food	Insurance Withholding	Totals
Additions:			
Agency fund additions	\$ 205,422	\$ 56,421	\$ 261,843
Deductions:			
Agency fund deductions	203,438	55,785	259,223
Excess of total additions over total deductions	1,984	636	2,620
Cash and investment fund balance - beginning	-	-	-
Cash and investment fund balance - ending	\$ 1,984	\$ 636	\$ 2,620

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	<u>Prepaid Food</u>	<u>Insurance Withholding</u>	<u>CAGIT Clearing</u>	<u>Totals</u>
Additions:				
Agency fund additions	\$ 214,331	\$ 43,987	\$ 45,540	\$ 303,858
Deductions:				
Agency fund deductions	<u>211,762</u>	<u>44,623</u>	<u>-</u>	<u>256,385</u>
Excess (deficiency) of total additions over total deductions	2,569	(636)	45,540	47,473
Cash and investment fund balance - beginning	<u>1,984</u>	<u>636</u>	<u>-</u>	<u>2,620</u>
Cash and investment fund balance - ending	<u>\$ 4,553</u>	<u>\$ -</u>	<u>\$ 45,540</u>	<u>\$ 50,093</u>



BARR-REEVE COMMUNITY SCHOOLS, INC.



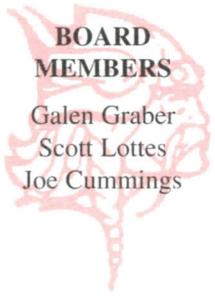
BARR-REEVE COMMUNITY SCHOOLS, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2010

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

General infrastructure assets are included if acquired (purchased, constructed, or donated) after July 1, 1980, or if they received major renovations, restorations, or improvements after that date. The government was able to estimate the historical cost for the initial reporting of these assets through backtrending (i.e., estimating the current replacement cost of the infrastructure to be capitalized and using an appropriate price-level index to deflate the cost to the acquisition year or estimated acquisition year.) As the government constructs or acquires additional capital assets each period, including infrastructure assets, they are reported at historical cost.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 161,251
Buildings	9,882,258
Improvements other than buildings	653,870
Machinery and equipment	<u>1,250,269</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 11,947,648</u>



BOARD MEMBERS

Galen Graber
Scott Lottes
Joe Cummings

BARR-REEVE COMMUNITY SCHOOLS, INC.

Dr. Brian Harmon
Superintendent of Schools

Mary Lottes
Treasurer

Shirley Bridges
Secretary

BARR-REEVE COMMUNITY SCHOOLS, INC.
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT
June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
School Buildings	\$ 985,000	\$ 183,500
Notes and loans payable	279,654	88,088
Bonds payable:		
Revenue bonds:		
Retirement/Severance Bonds	<u>1,855,000</u>	<u>116,328</u>
Total governmental activities debt	<u>\$ 3,119,654</u>	<u>\$ 387,916</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
AUDIT RESULTS AND COMMENTS

CAPITAL PROJECT FUND USES

Funds were disbursed from the Capital Project Fund for items such as monthly trash disposal, pest control, and uniform, towel, and apron cleaning.

Sources and uses of funds should be limited to those authorized by the enabling statute, ordinance, resolution, or grant agreement. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

A similar comment appeared in prior reports.

OVERDRAWN CASH BALANCES

The cash balance of the Debt Service Fund, Retirement Severance Bond Fund, and Capital Projects Fund was overdrawn as of June 30, 2009.

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

NON-CERTIFIED PAYROLL TIME SHEETS

Payroll time sheets documenting days worked and hours worked each day for non-certified employees were not always being collected and reviewed by the payroll clerk prior to processing the bi-weekly payroll. Review of the time sheets collected to date revealed that some employees were missing time sheets covering periods of up to three months.

The federal Fair Labor Standards Act (FLSA) requires that records of wages paid, daily and weekly hours of work, and the time of day and day of the week on which the employee's work week begins be kept for all employees. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 13)

Supporting documentation such as receipts, canceled checks, tickets, invoices, bills, contracts, and other public records must be available for audit to provide supporting information for the validity and accountability of monies disbursed. Payments without supporting documentation may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BARR-REEVE COMMUNITY SCHOOLS, INC.
AUDIT RESULTS AND COMMENTS
(Continued)

FEES (Applies to Jr/Sr High School)

A \$10 material fee was charged to every student in Grades 7-12 in addition to class fees for specific classes. No supporting documentation was available to verify the validity of the fee charged.

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

All authorized educational fees (the School Board should be able to justify any educational fees (non-payroll positions) and ensure Constitutional problems do not exist) must be receipted to the General Fund of the school corporation and included as miscellaneous revenues when preparing the school corporation budget. Textbook rental funds maintained at a school building may be used to temporarily record proper fees collected (as a convenience during the collection process of textbook rental). However, proper educational fees belong in the school corporation general fund and should be transferred timely. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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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
Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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

TO: THE OFFICIALS OF THE BARR-REEVE COMMUNITY
SCHOOLS, INC., DAVIESS COUNTY, INDIANA

Compliance

We have audited the compliance of the Barr-Reeve Community Schools, Inc. (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

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

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

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

STATE BOARD OF ACCOUNTS

December 14, 2010

BARR-REEVE COMMUNITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 08-09	\$ 5,663	\$ -
		FY 09-10	-	9,922
National School Lunch Program	10.555	FY 08-09	64,752	-
		FY 09-10	-	86,305
Total for cluster			<u>70,415</u>	<u>96,227</u>
Fresh Fruit and Vegetable Program	10.582		<u>48,276</u>	<u>1,494</u>
Total for federal grantor agency			<u>118,691</u>	<u>97,721</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010	08-1315	135,467	-
		09-1315	441,579	206,382
		10-1315	-	479,312
Total for program			<u>577,046</u>	<u>685,694</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	FY09-10	-	182,014
Total for program			<u>-</u>	<u>182,014</u>
Total for cluster			<u>577,046</u>	<u>867,708</u>
Educational Technology State Grants Cluster				
Education Technology State Grants	84.318	FY 07-08	16,029	-
		FY 08-10	639	29,179
Total for cluster			<u>16,668</u>	<u>29,179</u>
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	FY 08-09	-	409,046
		FY 09-10	-	94,360
Total for cluster			<u>-</u>	<u>503,406</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	06-1315	1,066	-
		07-1315	4,570	-
		08-1315	2,107	1,136
		09-1315	-	2,333
Total for program			<u>7,743</u>	<u>3,469</u>
State Grants for Innovative Programs	84.298	08-1315	20,494	-
		07-1315	-	360
Total for program			<u>20,494</u>	<u>360</u>
Rural Education	84.358	FY 07-09	22,248	-
		FY 08-10	-	19,795
Total for program			<u>22,248</u>	<u>19,795</u>
Improving Teacher Quality State Grants	84.367	FY 07-08	33,187	-
		FY 08-09	22,943	38,568
		FY 09-10	-	21,364
Total for program			<u>56,130</u>	<u>59,932</u>
Total for federal grantor agency			<u>700,329</u>	<u>1,483,849</u>
Total federal awards expended			<u>\$ 819,020</u>	<u>\$ 1,581,570</u>

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2009 and 2010. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 971	\$ 1,777
National School Lunch Program	10.555	11,107	15,409

BARR-REEVE COMMUNITY SCHOOLS, INC.
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported
Noncompliance material to financial statements noted?	no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	no
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Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
	Title I, Part A Cluster
	State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee?	yes
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Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BARR-REEVE COMMUNITY SCHOOLS, INC.
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BARR-REEVE COMMUNITY SCHOOLS, INC.
EXIT CONFERENCE

The contents of this report were discussed on December 14, 2010, with Dr. Brian Harmon, Superintendent of Schools; Mary Lottes, Treasurer; and Scott Lottes, President of the School Board.