

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

AUDIT REPORT

OF

BLUE RIVER VALLEY SCHOOL CORPORATION

HENRY COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED
03/07/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Kimberly S. Riley	07-01-08 to 06-30-11
Superintendent of Schools	Stephen K. Welsh	07-01-08 to 06-30-11
President of the School Board	Kent Grim Wayne Jacobs	07-01-08 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE BLUE RIVER VALLEY SCHOOL
CORPORATION, HENRY COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated February 7, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

The School Corporation has not presented Management's Discussion and Analysis, Schedules of Funding Progress, 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

February 7, 2011



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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 BLUE RIVER VALLEY SCHOOL
CORPORATION, HENRY COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Blue River Valley School Corporation (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated February 7, 2011. 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, 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

February 7, 2011

BLUE RIVER VALLEY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2009

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 3,520,950	\$ -	\$ 106,097	\$ (3,414,853)
Support services	2,339,344	201,763	129,891	(2,007,690)
Noninstructional services	355,076	-	-	(355,076)
Facilities acquisition and construction	389,683	-	-	(389,683)
Debt service	810,526	-	-	(810,526)
Nonprogrammed charges	11,224	-	-	(11,224)
Total governmental activities	\$ 7,426,803	\$ 201,763	\$ 235,988	(6,989,052)
General receipts:				
Property taxes				2,516,169
Other local sources				375,676
State aid				3,495,382
Grants and contributions not restricted to specific programs				654,747
Sale of property				14
Investment earnings				60,806
Other				14,206
Total general receipts				7,117,000
Change in net assets				127,948
Net assets - beginning				2,560,100
Net assets - ending				\$ 2,688,048
<u>Assets</u>				
Cash and investments				\$ 2,670,252
Restricted assets:				
Cash and investments				17,796
Total assets				\$ 2,688,048
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 17,796
Unrestricted				2,670,252
Total net assets				\$ 2,688,048

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 3,725,992	\$ -	\$ 95,959	\$ (3,630,033)
Support services	2,452,186	193,475	150,866	(2,107,845)
Noninstructional services	350,806	-	-	(350,806)
Facilities acquisition and construction	223,701	-	-	(223,701)
Debt service	829,548	-	-	(829,548)
Nonprogrammed charges	3,694	-	-	(3,694)
Total governmental activities	<u>\$ 7,585,927</u>	<u>\$ 193,475</u>	<u>\$ 246,825</u>	<u>(7,145,627)</u>
General receipts:				
Property taxes				2,882,039
Other local sources				613,935
State aid				4,292,640
Grants and contributions not restricted to specific programs				642,133
Sale of property				33,236
Investment earnings				35,888
Other				5,095
Total general receipts				<u>8,504,966</u>
Change in net assets				1,359,339
Net assets - beginning				<u>2,688,048</u>
Net assets - ending				<u>\$ 4,047,387</u>
<u>Assets</u>				
Cash and investments				\$ 3,572,730
Restricted assets:				
Cash and investments				<u>474,658</u>
Total assets				<u>\$ 4,047,388</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 474,658
Unrestricted				<u>3,572,730</u>
Total net assets				<u>\$ 4,047,388</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 1,191,801	\$ 449,814	\$ 658,390	\$ 518,896	\$ 329,714	\$ 3,148,615
Intermediate sources	124	-	-	-	5,675	5,799
State sources	3,572,837	-	-	-	69,316	3,642,153
Federal sources	-	-	-	-	743,964	743,964
Other	1,174	-	-	-	13,032	14,206
Total receipts	4,765,936	449,814	658,390	518,896	1,161,701	7,554,737
Disbursements:						
Current:						
Instruction	3,002,213	-	-	-	518,737	3,520,950
Support services	1,446,078	445,452	-	271,077	176,737	2,339,344
Noninstructional services	69,245	-	-	-	285,831	355,076
Facilities acquisition and construction	-	16,199	-	368,522	4,962	389,683
Debt services	-	-	810,526	-	-	810,526
Nonprogrammed charges	10,053	-	-	-	1,171	11,224
Total disbursements	4,527,589	461,651	810,526	639,599	987,438	7,426,803
Excess (deficiency) of receipts over disbursements	238,347	(11,837)	(152,136)	(120,703)	174,263	127,934
Other financing sources (uses):						
Sale of capital assets	14	-	-	-	-	14
Transfers in	-	-	-	-	16,028	16,028
Transfers out	-	-	-	-	(16,028)	(16,028)
Total other financing sources	14	-	-	-	-	14
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	238,361	(11,837)	(152,136)	(120,703)	174,263	127,948
Cash and investments - beginning	450,139	649,529	169,932	1,035,945	254,555	2,560,100
Cash and investments - ending	<u>\$ 688,500</u>	<u>\$ 637,692</u>	<u>\$ 17,796</u>	<u>\$ 915,242</u>	<u>\$ 428,818</u>	<u>\$ 2,688,048</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 688,500	\$ 637,692	\$ -	\$ 915,242	\$ 428,818	\$ 2,670,252
Restricted assets:						
Cash and investments	-	-	17,796	-	-	17,796
Total cash and investment assets - ending	<u>\$ 688,500</u>	<u>\$ 637,692</u>	<u>\$ 17,796</u>	<u>\$ 915,242</u>	<u>\$ 428,818</u>	<u>\$ 2,688,048</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 17,796	\$ -	\$ -	\$ 17,796
Unrestricted	688,500	637,692	-	915,242	428,818	2,670,252
Total cash and investment fund balance - ending	<u>\$ 688,500</u>	<u>\$ 637,692</u>	<u>\$ 17,796</u>	<u>\$ 915,242</u>	<u>\$ 428,818</u>	<u>\$ 2,688,048</u>

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

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

	General	Transportation Operating	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 28,652	\$ 860,242	\$ 1,286,410	\$ 1,059,019	\$ 484,632	\$ 3,718,955
Intermediate sources	-	-	-	-	6,382	6,382
State sources	4,360,378	-	-	-	90,037	4,450,415
Federal sources	-	-	-	-	731,184	731,184
Other	95	-	-	-	5,000	5,095
Total receipts	4,389,125	860,242	1,286,410	1,059,019	1,317,235	8,912,031
Disbursements:						
Current:						
Instruction	3,079,301	-	-	-	646,691	3,725,992
Support services	1,457,485	374,305	-	271,688	348,708	2,452,186
Noninstructional services	75,842	-	-	-	274,964	350,806
Facilities acquisition and construction	-	-	-	222,394	1,307	223,701
Debt services	-	-	829,548	-	-	829,548
Nonprogrammed charges	3,694	-	-	-	-	3,694
Total disbursements	4,616,322	374,305	829,548	494,082	1,271,670	7,585,927
Excess (deficiency) of receipts over disbursements	(227,197)	485,937	456,862	564,937	45,565	1,326,104
Other financing sources (uses):						
Sale of capital assets	33,236	-	-	-	-	33,236
Transfers in	45,235	-	-	-	15,868	61,103
Transfers out	-	-	-	-	(61,103)	(61,103)
Total other financing sources (uses)	78,471	-	-	-	(45,235)	33,236
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(148,726)	485,937	456,862	564,937	330	1,359,340
Cash and investments - beginning	688,500	637,692	17,796	915,242	428,818	2,688,048
Cash and investments - ending	<u>\$ 539,774</u>	<u>\$ 1,123,629</u>	<u>\$ 474,658</u>	<u>\$ 1,480,179</u>	<u>\$ 429,148</u>	<u>\$ 4,047,388</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 539,774	\$ 1,123,629	\$ -	\$ 1,480,179	\$ 429,148	\$ 3,572,730
Restricted assets:						
Cash and investments	-	-	474,658	-	-	474,658
Total cash and investment assets - ending	<u>\$ 539,774</u>	<u>\$ 1,123,629</u>	<u>\$ 474,658</u>	<u>\$ 1,480,179</u>	<u>\$ 429,148</u>	<u>\$ 4,047,388</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 474,658	\$ -	\$ -	\$ 474,658
Unrestricted	539,774	1,123,629	-	1,480,179	429,148	3,572,730
Total cash and investment fund balance - ending	<u>\$ 539,774</u>	<u>\$ 1,123,629</u>	<u>\$ 474,658</u>	<u>\$ 1,480,179</u>	<u>\$ 429,148</u>	<u>\$ 4,047,388</u>

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

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

	<u>Private-Purpose Trust Funds</u>
Deductions:	
Administrative and general	<u>\$ (116)</u>
Excess (deficiency) of total additions over total deductions	(116)
Cash and investment fund balance - beginning	<u>1,765</u>
Cash and investment fund balance - ending	<u>\$ 1,649</u>
Net assets:	
Cash and investments	<u>\$ 1,649</u>

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

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

	<u>Private-Purpose Trust Funds</u>
Net assets:	
Cash and investments beginning and ending	<u>\$ 1,649</u>

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

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Blue River Valley School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate New Castle Area Vocational School which was created to provide vocational education instruction. The School Corporation is obligated by contract to remit \$41,822 annually to supplement the New Castle Area Vocational School. Complete financial statements for the New Castle Area Vocational School can be obtained from New Castle Community School Corporation, 322 Elliot Avenue, New Castle, IN 47362.

The School Corporation is a participant in a joint venture to operate Anderson-Alexandria-Elwood Special Education Cooperative which was created to obtain grants and to provide special education instruction. The School Corporation is obligated by contract to remit \$1,000 annually to supplement the Anderson-Alexandria-Elwood Special Education Cooperative. Complete financial statements for the Anderson-Alexandria-Elwood Special Education Cooperative can be obtained from Anderson Community School Corporation, 1229 Lincoln Avenue, Anderson, IN 46016.

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,

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 transportation operating fund accounts for financial resources for the transportation of schoolchildren to and from school.

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 constructions, and interest on emergency and temporary loans.

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

Additionally, the School Corporation reports the following fund type:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the vocational education and special education students.

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.

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

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."

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

E. Receipts and Disbursements

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.

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.
4. Interfund loans – Flow of assets from one fund to another where repayment is expected is reported as interfund loans.

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis except for the net amount of transfers between governmental and business-type activities, which are reported as Transfers – Internal Activities. The effects of interfund loans and services between funds, if any, are not eliminated in the government-wide Statement of Activities and Net Assets – Cash and Investment Basis.
2. Primary government and component unit activity – Resource flows between the primary government and the discretely-presented component unit(s) are reported as if they were external transactions and are classified separately from internal activities within the primary government.

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

G. Rounding Differences

The financial statements may contain immaterial differences due to rounding of amounts when the statements were compiled. These differences are considered trivial and do not affect the overall presentation of the financial statements.

II. Stewardship, Compliance and Accountability

Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. Prior to November 1, the governing board, through the passage of a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ordinance and the advertisement for funds for which property taxes are levied 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.

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation does not have a deposit policy for custodial credit risk. At June 30, 2010, the School Corporation had deposit balances in the amount of \$3,920,575. 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.

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Investments

Statutory Authorization for Investments

IC 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the School Corporation to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the School Corporation and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of, or interest in, an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the School Corporation's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

B. Interfund Transfers

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

<u>Transfer From</u>	<u>Transfer To</u>	<u>2009</u>	<u>2010</u>
Other Governmental Funds	General Fund	\$ -	\$ 45,235
	Other Governmental Funds	<u>16,028</u>	<u>15,868</u>
Totals		<u>\$ 16,028</u>	<u>\$ 61,103</u>

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

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees; and natural disasters are covered by commercial insurance from independent third parties.

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

During 1996, the School Corporation joined with other governmental entities to form the Greater Randolph County Insurance Consortium, a public entity risk pool currently operating as a common risk management and insurance program for 9 member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of Health insurance for employees and dependents. The School Corporation pays an annual premium to the risk pool for its Health insurance for employees and dependents coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members. The risk pool obtains independent coverage for insured events in excess of the \$125,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with Blue River Valley 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 2009 and 2010 totaled \$797,000 and \$821,000, respectively.

C. Termination Benefits

The School Board agreed to pay \$5,580 per year for health insurance for the former elementary administrative assistant. This benefit will be paid until he reaches full retirement age in November 2014.

D. Other Postemployment Benefits

Single-Employer Defined Benefit Healthcare Plan

Plan Description

Anthem (Greater Randolph Insurance Consortium) is a single-employer defined benefit health-care plan administered by RE Sutton. The plan provides Medical and Dental insurance to eligible retirees and their spouses. Ordinance 2009-10 assigns the authority to establish and amend

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

benefit provisions to the School Corporation. The Anthem (Greater Randolph Insurance Consortium) issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for the participants. That report may be obtained by contacting the plan administrator:

RE Sutton
67 Garner Road
Brownsburg, IN 46112
(317) 547-5006

Funding Policy

The contribution requirements of plan members for the Anthem (Greater Randolph Insurance Consortium) are established by the School Corporation's governing board. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended June 30, 2009, the School Corporation contributed \$459,918 to the plan \$459,918 for current premiums (approximately 77.1% of total premiums). Plan members receiving benefits contributed \$136,448, or approximately 22.9% of the total premiums, through their required contribution of \$482 per month for retiree-only coverage and \$991 for retiree and spouse coverage. For the year ended June 30, 2010, the School Corporation contributed \$491,391 to the plan for current premiums (approximately 72.6% of total premiums). Plan members receiving benefits contributed \$185,189, or approximately 27.4% of the total premiums, through their required contribution of \$521 per month for retiree-only coverage and \$ for retiree and spouse coverage.

E. 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.

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

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 \$63,531.

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.

The School Corporation's contributions to the plan during the period were \$393,084.

BLUE RIVER VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
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 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Fees	Early Intervention Grant 08-09	High Ability FY 2008-09
Receipts:							
Local sources	\$ 3,032	\$ 168,849	\$ 58,838	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	375	-	-
State sources	17,952	4,890	17,832	-	-	-	28,642
Federal sources	-	107,169	-	-	-	-	-
Other	-	4,477	-	-	-	-	-
Total receipts	20,984	285,385	76,670	-	375	-	28,642
Disbursements:							
Current:							
Instruction	16,500	-	-	-	-	-	14,742
Support services	-	1,679	57,150	-	-	-	-
Noninstructional services	-	282,747	-	-	-	-	-
Facilities acquisition and construction	-	4,962	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	16,500	289,388	57,150	-	-	-	14,742
Excess (deficiency) of receipts over disbursements	4,484	(4,003)	19,520	-	375	-	13,900
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,484	(4,003)	19,520	-	375	-	13,900
Cash and investments - beginning	40,763	55,160	48,691	12,575	1,564	500	-
Cash and investments - ending	<u>\$ 45,247</u>	<u>\$ 51,157</u>	<u>\$ 68,211</u>	<u>\$ 12,575</u>	<u>\$ 1,939</u>	<u>\$ 500</u>	<u>\$ 13,900</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 45,247</u>	<u>\$ 51,157</u>	<u>\$ 68,211</u>	<u>\$ 12,575</u>	<u>\$ 1,939</u>	<u>\$ 500</u>	<u>\$ 13,900</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 45,247</u>	<u>\$ 51,157</u>	<u>\$ 68,211</u>	<u>\$ 12,575</u>	<u>\$ 1,939</u>	<u>\$ 500</u>	<u>\$ 13,900</u>

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

	High Ability FY 2007-08	Intelnet Connect 2001	Preschool Tuition	Wellness Program Grant 08-09	Title I School Improvement FY 2007-08	Title I 2007-08	Title I 2008-09
Receipts:							
Local sources	\$ -	\$ -	\$ 31,168	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	5,300	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	59,939
Other	-	8,555	-	-	-	-	-
Total receipts	-	8,555	31,168	5,300	-	-	59,939
Disbursements:							
Current:							
Instruction	12,588	-	28,041	-	1,583	1,421	46,558
Support services	-	1,454	141	3,758	4,128	2,169	5,190
Noninstructional services	-	-	-	-	-	-	291
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	12,588	1,454	28,182	3,758	5,711	3,590	52,039
Excess (deficiency) of receipts over disbursements	(12,588)	7,101	2,986	1,542	(5,711)	(3,590)	7,900
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	3,754
Transfers out	-	-	-	-	-	(3,754)	-
Total other financing sources (uses)	-	-	-	-	-	(3,754)	3,754
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(12,588)	7,101	2,986	1,542	(5,711)	(7,344)	11,654
Cash and investments - beginning	12,588	26,025	14,898	-	5,711	7,344	-
Cash and investments - ending	\$ -	\$ 33,126	\$ 17,884	\$ 1,542	\$ -	\$ -	\$ 11,654
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 33,126	\$ 17,884	\$ 1,542	\$ -	\$ -	\$ 11,654
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 33,126	\$ 17,884	\$ 1,542	\$ -	\$ -	\$ 11,654

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

	Title V Part A Improve	Title V Part A 07-08	COOP SP ED C/O 2008-09	COOP SP ED C/O 2007-2008	COOP SP ED Part B 2008-09	COOP Special Ed Preschool	COOP SP ED Preschool
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	457	-	-	1,171	156,431	-	4,076
Other	-	-	-	-	-	-	-
Total receipts	457	-	-	1,171	156,431	-	4,076
Disbursements:							
Current:							
Instruction	-	73	4,249	22,776	135,017	615	4,076
Support services	-	-	7,133	198	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Nonprogrammed charges	-	1,171	-	-	-	-	-
Total disbursements	-	1,244	11,382	22,974	135,017	615	4,076
Excess (deficiency) of receipts over disbursements	457	(1,244)	(11,382)	(21,803)	21,414	(615)	-
Other financing sources (uses):							
Transfers in	-	-	12,274	-	-	-	-
Transfers out	-	-	-	(12,274)	-	-	-
Total other financing sources (uses)	-	-	12,274	(12,274)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	457	(1,244)	892	(34,077)	21,414	(615)	-
Cash and investments - beginning	-	1,244	-	34,077	-	615	-
Cash and investments - ending	\$ 457	\$ -	\$ 892	\$ -	\$ 21,414	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 457	\$ -	\$ 892	\$ -	\$ 21,414	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 457	\$ -	\$ 892	\$ -	\$ 21,414	\$ -	\$ -

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

	Title IV Part A Drug Free 2006-07	Title IV Part A Drug Free 2007-08	Title IV Part A Drug Free 2008-09	Title II Part A 2007-08	Title II Part A 2008-09	ARRA Fiscal Stabilization
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	1,725	19,109	9,468	377,472
Other	-	-	-	-	-	-
Total receipts	-	-	1,725	19,109	9,468	377,472
Disbursements:						
Current:						
Instruction	-	-	-	22,946	8,621	198,931
Support services	849	-	1,158	600	-	91,130
Noninstructional services	-	-	-	-	-	2,793
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	849	-	1,158	23,546	8,621	292,854
Excess (deficiency) of receipts over disbursements	(849)	-	567	(4,437)	847	84,618
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(849)	-	567	(4,437)	847	84,618
Cash and investments - beginning	849	500	-	4,437	-	-
Cash and investments - ending	\$ -	\$ 500	\$ 567	\$ -	\$ 847	\$ 84,618
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 500	\$ 567	\$ -	\$ 847	\$ 84,618
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ -	\$ 500	\$ 567	\$ -	\$ 847	\$ 84,618

BLUE RIVER VALLEY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
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 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Title I Stimulus Grant	Transportation School Bus Replacement	Construction	Barn Fire Replacement	Fire Repair & Replacement	Totals
Receipts:						
Local sources	\$ -	\$ 67,827	\$ -	\$ -	\$ -	\$ 329,714
Intermediate sources	-	-	-	-	-	5,675
State sources	-	-	-	-	-	69,316
Federal sources	6,947	-	-	-	-	743,964
Other	-	-	-	-	-	13,032
Total receipts	6,947	67,827	-	-	-	1,161,701
Disbursements:						
Current:						
Instruction	-	-	-	-	-	518,737
Support services	-	-	-	-	-	176,737
Noninstructional services	-	-	-	-	-	285,831
Facilities acquisition and construction	-	-	-	-	-	4,962
Nonprogrammed charges	-	-	-	-	-	1,171
Total disbursements	-	-	-	-	-	987,438
Excess (deficiency) of receipts over disbursements	6,947	67,827	-	-	-	174,263
Other financing sources (uses):						
Transfers in	-	-	-	-	-	16,028
Transfers out	-	-	-	-	-	(16,028)
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,947	67,827	-	-	-	174,263
Cash and investments - beginning	-	(56,288)	32,375	4,709	6,218	254,555
Cash and investments - ending	<u>\$ 6,947</u>	<u>\$ 11,539</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 428,818</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 6,947</u>	<u>\$ 11,539</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 428,818</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 6,947</u>	<u>\$ 11,539</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 428,818</u>

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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Educational License Fees	Early Intervention Grant 08-09
Receipts:						
Local sources	\$ -	\$ 162,414	\$ 72,043	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	187	-
State sources	8,250	4,750	15,516	-	-	-
Federal sources	-	130,600	-	-	-	-
Other	-	1,339	-	-	-	-
Total receipts	8,250	299,103	87,559	-	187	-
Disbursements:						
Current:						
Instruction	8,262	-	-	-	-	-
Support services	-	2,179	99,446	-	-	-
Noninstructional services	-	274,635	-	-	-	-
Facilities acquisition and construction	-	1,307	-	-	-	-
Total disbursements	8,262	278,121	99,446	-	-	-
Excess (deficiency) of receipts over disbursements	(12)	20,982	(11,887)	-	187	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(45,235)	-	-	-	-	-
Total other financing sources (uses)	(45,235)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(45,247)	20,982	(11,887)	-	187	-
Cash and investments - beginning	45,247	51,157	68,211	12,575	1,939	500
Cash and investments - ending	\$ -	\$ 72,139	\$ 56,324	\$ 12,575	\$ 2,126	\$ 500
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 72,139	\$ 56,324	\$ 12,575	\$ 2,126	\$ 500
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 72,139	\$ 56,324	\$ 12,575	\$ 2,126	\$ 500

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

	Early Intervention Grant 09-10	High Ability 2008-09	High Ability 2009-10	Intelenet Connect 2001	Preschool Tuition Fees	Wellness Program Grant 08-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 29,717	\$ -
Intermediate sources	-	-	-	-	295	-
State sources	33,300	-	28,221	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	3,658	3	-
Total receipts	33,300	-	28,221	3,658	30,015	-
Disbursements:						
Current:						
Instruction	-	13,900	18,400	-	29,501	-
Support services	33,300	-	-	2,542	50	1,542
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	33,300	13,900	18,400	2,542	29,551	1,542
Excess (deficiency) of receipts over disbursements	-	(13,900)	9,821	1,116	464	(1,542)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(13,900)	9,821	1,116	464	(1,542)
Cash and investments - beginning	-	13,900	-	33,126	17,884	1,542
Cash and investments - ending	\$ -	\$ -	\$ 9,821	\$ 34,242	\$ 18,348	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 9,821	\$ 34,242	\$ 18,348	\$ -
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ -	\$ 9,821	\$ 34,242	\$ 18,348	\$ -

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

	Wellness Program Grant 09-10	Title I 2008-09	Title I 2009-10	Title V Part A Improve	COOP SP ED C/O 2009-10	COOP SP ED C/O 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	5,900	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	65,764	-	-	-
Other	-	-	-	-	-	-
Total receipts	5,900	-	65,764	-	-	-
Disbursements:						
Current:						
Instruction	-	8,063	54,464	457	4,815	437
Support services	4,439	2,735	-	-	6,720	455
Noninstructional services	-	109	220	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	4,439	10,907	54,684	457	11,535	892
Excess (deficiency) of receipts over disbursements	1,461	(10,907)	11,080	(457)	(11,535)	(892)
Other financing sources (uses):						
Transfers in	-	-	747	-	15,121	-
Transfers out	-	(747)	-	-	-	-
Total other financing sources (uses)	-	(747)	747	-	15,121	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,461	(11,654)	11,827	(457)	3,586	(892)
Cash and investments - beginning	-	11,654	-	457	-	892
Cash and investments - ending	\$ 1,461	\$ -	\$ 11,827	\$ -	\$ 3,586	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,461	\$ -	\$ 11,827	\$ -	\$ 3,586	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	\$ 1,461	\$ -	\$ 11,827	\$ -	\$ 3,586	\$ -

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

	COOP SP ED Part B 2008-09	COOP SP ED Part B 2009-10	COOP SP ED Preschool 2009-10	Title IV Part A Drug Free 07-08	Title IV Part A Drug Free 08-09	Title IV Part A Drug Free 09-10
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	158,426	4,335	-	-	1,977
Other	-	-	-	-	-	-
Total receipts	-	158,426	4,335	-	-	1,977
Disbursements:						
Current:						
Instruction	6,241	140,009	4,335	-	-	-
Support services	52	-	-	500	19	347
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	6,293	140,009	4,335	500	19	347
Excess (deficiency) of receipts over disbursements	(6,293)	18,417	-	(500)	(19)	1,630
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	(15,121)	-	-	-	-	-
Total other financing sources (uses)	(15,121)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(21,414)	18,417	-	(500)	(19)	1,630
Cash and investments - beginning	21,414	-	-	500	567	-
Cash and investments - ending	\$ -	\$ 18,417	\$ -	\$ -	\$ 548	\$ 1,630
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 18,417	\$ -	\$ -	\$ 548	\$ 1,630
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ -	\$ 18,417	\$ -	\$ -	\$ 548	\$ 1,630

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

	Title II Part A 2008-09	Title II Part A Class Reduction	ARRA Fiscal Stabilization	Title I Stimulus Grant	Special Education Part B Stimulus	Special Education Part B Preschool Stimulus
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 8	\$ 396	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	18,932	12,414	150,398	20,808	161,548	5,982
Other	-	-	-	-	-	-
Total receipts	<u>18,932</u>	<u>12,414</u>	<u>150,398</u>	<u>20,816</u>	<u>161,944</u>	<u>5,982</u>
Disbursements:						
Current:						
Instruction	19,779	10,108	207,135	20,255	98,268	2,262
Support services	-	-	27,881	-	15,068	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Total disbursements	<u>19,779</u>	<u>10,108</u>	<u>235,016</u>	<u>20,255</u>	<u>113,336</u>	<u>2,262</u>
Excess (deficiency) of receipts over disbursements	<u>(847)</u>	<u>2,306</u>	<u>(84,618)</u>	<u>561</u>	<u>48,608</u>	<u>3,720</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<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>(847)</u>	<u>2,306</u>	<u>(84,618)</u>	<u>561</u>	<u>48,608</u>	<u>3,720</u>
Cash and investments - beginning	<u>847</u>	<u>-</u>	<u>84,618</u>	<u>6,947</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ -</u>	<u>\$ 7,508</u>	<u>\$ 48,608</u>	<u>\$ 3,720</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ -</u>	<u>\$ 7,508</u>	<u>\$ 48,608</u>	<u>\$ 3,720</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 2,306</u>	<u>\$ -</u>	<u>\$ 7,508</u>	<u>\$ 48,608</u>	<u>\$ 3,720</u>

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

	Transportation School Bus Replacement	Construction Fund	Barn Fire Replacement	Fire Repair & Replacement Fund	Totals
Receipts:					
Local sources	\$ 220,054	\$ -	\$ -	\$ -	\$ 484,632
Intermediate sources	-	-	-	-	6,382
State sources	-	-	-	-	90,037
Federal sources	-	-	-	-	731,184
Other	-	-	-	-	5,000
Total receipts	<u>220,054</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,317,235</u>
Disbursements:					
Current:					
Instruction	-	-	-	-	646,691
Support services	151,433	-	-	-	348,708
Noninstructional services	-	-	-	-	274,964
Facilities acquisition and construction	-	-	-	-	1,307
Total disbursements	<u>151,433</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,271,670</u>
Excess (deficiency) of receipts over disbursements	<u>68,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>45,565</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	15,868
Transfers out	-	-	-	-	(61,103)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(45,235)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	68,621	-	-	-	330
Cash and investments - beginning	<u>11,539</u>	<u>32,375</u>	<u>4,709</u>	<u>6,218</u>	<u>428,818</u>
Cash and investments - ending	<u>\$ 80,160</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 429,148</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	<u>\$ 80,160</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 429,148</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Unrestricted	<u>\$ 80,160</u>	<u>\$ 32,375</u>	<u>\$ 4,709</u>	<u>\$ 6,218</u>	<u>\$ 429,148</u>

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

	<u>Bella's Barn Gifts</u>	<u>Buddy Program</u>	<u>Totals</u>
Deductions:			
Administrative and general	\$ (116)	\$ -	\$ (116)
Cash and investment fund balance - beginning	<u>1,690</u>	<u>75</u>	<u>1,765</u>
Cash and investments - June 30	<u>\$ 1,574</u>	<u>\$ 75</u>	<u>\$ 1,649</u>
Net assets:			
Cash and investments	<u>\$ 1,574</u>	<u>\$ 75</u>	<u>\$ 1,649</u>
Total net assets - cash and investment basis held in trust	<u>\$ 1,574</u>	<u>\$ 75</u>	<u>\$ 1,649</u>

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

	Bella's Barn Gifts	Buddy Program	Totals
Net assets:			
Cash and investments beginning and ending	\$ 1,574	\$ 75	\$ 1,649

BLUE RIVER VALLEY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 For The Year Ended June 30, 2010

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

General infrastructure assets (those reported by governmental activities) are included regardless of their acquisition date or amount. 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	\$ 76,200
Buildings	16,573,712
Improvements other than buildings	339,466
Machinery and equipment	<u>2,338,088</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 19,327,466</u>

BLUE RIVER VALLEY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Building Improvement	\$ 9,728,300	\$ 842,000

BLUE RIVER VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OLD OUTSTANDING CHECKS (Applies to Blue River Elementary School)

Our review of the bank reconciliements as of June 30, 2010, revealed checks outstanding in excess of two years. Some of the outstanding checks were written as early as 2006.

IC 5-11-10.5-2 states in part: "All warrants or checks drawn upon public funds of a political subdivision that are outstanding and unpaid for a period of two (2) or more years as of the last day of December of each year are void."

IC 5-11-10.5-3 states:

"Not later than March 1 of each year, the treasurer of each political subdivision shall prepare or cause to be prepared a list in triplicate of all warrants or checks that have been outstanding for a period of two (2) or more years as of December 31 of the preceding year. The original copy of each list shall be filed with the: (1) board of finance of a political subdivision; or (2) fiscal body of a city or town. The duplicate copy shall be transmitted to the disbursing officer of the political subdivision. The triplicate copy of each list shall be filed in the office of the treasurer of the political subdivision. If the treasurer serves also as the disbursing officer of the political subdivision, only two (2) copies of each list need be prepared or caused to be prepared by the treasurer."

IC 5-11-10.5-5 states:

"(a) Upon the preparation and transmission of the copies of the list of the outstanding warrants or checks, the treasurer of the political subdivision shall enter the amounts so listed as a receipt into the fund or funds from which they were originally drawn and shall also remove the warrants or checks from the record of outstanding warrants or checks.

(b) If the disbursing officer does not serve also as treasurer of the political subdivision, the disbursing officer shall also enter the amounts so listed as a receipt into the fund or funds from which the warrants or checks were originally drawn. If the fund from which the warrant or check was originally drawn is not in existence, or cannot be ascertained, the amount of the outstanding warrant or check shall be receipted into the general fund of the political subdivision."

COLLECTION OF AMOUNTS DUE (Applies to Blue River Jr/Sr High)

The prior audit report noted NSF checks from several people as of June 30, 2008. During the two years covered by the current audit period, these NSF checks have not been collected by the School Corporation.

Governmental units have a responsibility to collect amounts owed to the governmental unit pursuant to procedures authorized by statute. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

ERRORS ON CLAIMS

The following deficiencies were noted on claims during the audit period:

BLUE RIVER VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

1. Sales tax was paid on some disbursements.
2. Penalties and interest were paid for late payment of some disbursements.

Governmental funds generally are exempt from the payment of sales tax on qualifying purchases. Respective tax agencies should always be contacted concerning tax exemptions and payments. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee.

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

INTERNAL CONTROLS (Applies to Blue River Jr/Sr High)

The controls over the sale of athletic tickets were insufficient. The reports used to account for ticket sales were not being properly filled out because the color of the ticket was omitted. Without the color of the ticket being noted we could not determine the proper accounting for the tickets that were sold.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

PRESCRIBED FORMS (Applies to Blue River Jr/Sr High)

The Ticket Sale Report form was not being correctly completed. When listing the tickets sold, the color, which denoted the differences in price of the ticket, was omitted from the Report.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

Ticket sales conducted by any activity should be accounted for as follows:

The treasurer should be responsible for the proper accounting for all tickets and should keep a record of the number purchased, the number issued for sale, and the number returned. The treasurer should see that proper accounting is made for the cash received from those sold. All tickets shall be prenumbered, with a different ticket color and numerical series for

BLUE RIVER VALLEY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

each price group. When cash for ticket sales is deposited with the treasurer, the treasurer's receipt issued therefore should show the number of tickets issued to the seller, the number returned unsold and the balance remitted in cash. All tickets (including free or reduced) must be listed and accounted for on the SA-4 Ticket Sales Form. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

Serially prenumbered tickets by the printing supplier should be used for all athletic and other extra-curricular activities and events for which admission is charged. Part of the prenumbered ticket should be given to the person paying for the ticket upon admission to the event. The other part of the ticket (which should also be prenumbered, referred to as the stub) should be retained. All tickets (unused tickets and stubs) should be retained for audit.

Tickets for each price group should be different colors and/or different in their series number. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 2)

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

TO: THE OFFICIALS OF THE BLUE RIVER VALLEY SCHOOL
CORPORATION, HENRY COUNTY, INDIANA

Compliance

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

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

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

Internal Control Over Compliance

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

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

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, 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

February 7, 2011

BLUE RIVER VALLEY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-through Indiana Department of Education				
Child Nutrition Cluster				
National School Breakfast	10.553	FY 2008-09	\$ 16,007	\$ -
		FY 2009-10	-	20,434
National School Lunch	10.555	FY 2008-09	109,389	-
		FY 2009-10	-	121,921
Total for federal grantor agency			<u>125,396</u>	<u>142,355</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				
School Improvement	84.010	08-3405	5,711	-
FY 2007-2008		08-3405	7,344	-
FY 2008-2009		09-3405	52,038	11,654
FY 2009-2010		10-3405	-	54,684
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-3405	-	20,255
Total for cluster			<u>65,093</u>	<u>86,593</u>
Special Education Cluster (IDEA)				
Special Education - Grants to States				
	84.027	14209-001-PY02	11,381	892
		14210-001-PN01	-	11,535
		14209-002-PN01	35,248	-
		14209-002-PY02	135,017	21,415
		14210-002-PN01	-	140,009
Special Education - Preschool Grants	84.173	45709-002-PN01	615	-
		14209-002-PN01	4,076	-
		H173A080104	-	4,335
ARRA - Special Education - Grants to States, Recovery Act	84.391	33310-002-SN01	-	113,336
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	44410 - SN01	-	2,262
Total for cluster			<u>186,337</u>	<u>293,784</u>
Fiscal Stabilization Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act				
	84.394	100647965	292,854	235,016
Safe and Drug-Free Schools and Communities - State grants				
Part A 07-08	84.186	07-3405	-	500
Part A 08-09		08-3405	2,007	19
Part A 09-10		09-3405	-	347
Total for Program			<u>2,007</u>	<u>866</u>
Title V, Part A - Innovative Programs				
FY 08-09	84.298	07-3405	1,244	-
FY 09-10		07-3405	-	457
Total for Program			<u>1,244</u>	<u>457</u>
Improving Teacher Quality State Grants				
FY 07-08	84.367	07-3405	23,546	-
FY 08-09		08-3405	8,621	19,779
FY 09-10		09-3405	-	10,108
Total for Program			<u>32,167</u>	<u>29,887</u>
Total for federal grantor agency			<u>579,702</u>	<u>646,603</u>
Total federal awards expended			<u>\$ 705,098</u>	<u>\$ 788,958</u>

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

BLUE RIVER VALLEY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of school corporations 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
National School Lunch	10.555	\$ 18,227	\$ 29,982

BLUE RIVER VALLEY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	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

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster (IDEA)
Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BLUE RIVER VALLEY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BLUE RIVER VALLEY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on February 7, 2011, with Stephen K. Welsh, Superintendent of Schools; Georgette Miles, Deputy Treasurer; Kimberly S. Riley, Treasurer; and Wayne Jacobs, President of the School Board. The officials concurred with our audit findings.