

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

BARR-REEVE COMMUNITY SCHOOLS, INC.
DAVISS COUNTY, INDIANA

July 1, 2010 to June 30, 2012



FILED
02/11/2013

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Mary Lottes	07-01-10 to 06-30-13
Superintendent of Schools	Dr. Brian Harmon Travis Madison	07-01-10 to 06-30-11 07-01-11 to 06-30-13
President of the School Board	Scott Lottes Galen Graber Joe Cummings	07-01-10 to 06-30-11 07-01-11 to 12-31-12 01-01-13 to 12-31-13



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

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

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated January 17, 2013, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting

INDEPENDENT AUDITOR'S REPORT
(Continued)

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

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

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

STATE BOARD OF ACCOUNTS

January 17, 2013



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

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

We have audited the financial statement of the Barr-Reeve Community Schools, Inc. (School Corporation), for the period of July 1, 2010 to June 30, 2012, and have issued our report thereon dated January 17, 2013. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

January 17, 2013

FINANCIAL STATEMENT

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

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BARR-REEVE COMMUNITY SCHOOLS, INC.
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 520,581	\$ 4,139,762	\$ 4,352,894	\$ -	\$ 307,449	\$ 4,155,374	\$ 4,202,461	\$ -	\$ 260,362
Debt Service	219,087	550,039	420,848	(200,000)	148,278	612,370	412,589	(1,560)	346,499
Retirement/Severance Bond Debt Service	24,085	239,160	236,152	-	27,093	232,960	239,674	-	20,379
Capital Projects	326,781	752,465	626,633	(200,000)	252,613	609,957	627,922	-	234,648
School Transportation	230,975	496,634	384,614	(114,975)	228,020	496,390	394,224	-	330,186
School Bus Replacement	15,881	-	-	-	15,881	-	-	-	15,881
Rainy Day	1,416,244	100	468,741	525,000	1,472,603	81,985	783,017	-	771,571
Retirement/Severance Bond	23,762	-	23,762	-	-	-	-	-	-
School Lunch	15,455	309,556	320,007	-	5,004	308,065	309,660	-	3,409
Textbook Rental	31,667	104,202	110,795	-	25,074	101,551	101,647	1,560	26,538
Levy Excess	-	10,025	-	(10,025)	-	-	-	-	-
Educational License Plates	3,470	55	-	-	3,525	113	-	-	3,638
Toyota Library Donation	-	-	-	-	-	1,500	1,500	-	-
Miscellaneous Programs	-	-	-	-	-	500	-	-	500
School Technology	24,272	6,576	8,581	-	22,267	13,706	8,580	-	27,393
2009-2010 HAL Grant	3,728	-	3,728	-	-	-	-	-	-
2010-2011 HAL Grant	-	27,789	22,741	-	5,048	-	5,048	-	-
2011-2012 HAL Grant	-	-	-	-	-	26,906	21,715	-	5,191
Excess PTRC Distributions	-	-	-	-	-	17,202	-	-	17,202
2009-2010 Title I	81,800	97,994	142,811	(36,983)	-	-	-	-	-
2010-2011 Title I	-	382,174	450,692	36,983	(31,535)	88,891	57,356	-	-
2011-2012 Title I	-	-	-	-	-	438,394	474,481	-	(36,087)
2009-2010 Safe and Drug-Free Schools	2,083	-	2,083	-	-	-	-	-	-
FY 09 Supplemental Safe and Drug-Free Schools	-	-	-	-	-	1,369	1,369	-	-
2010-2011 Title II, Part A	-	13,163	12,923	-	240	64,783	65,023	-	-
2011-2012 Title II, Part A	-	-	-	-	-	55,080	55,080	-	-
2009-2010, Title II, Part A	63,146	-	63,146	-	-	-	-	-	-
2008-2009, Title II, Part D	6,384	-	6,384	-	-	-	-	-	-
FY09 Rural Schools and Low Income Grant	-	19,411	19,411	-	-	-	-	-	-
FY10 Rural Schools and Low Income Grant	-	5,285	5,285	-	-	18,528	19,171	-	(643)
Title I - Grants to LEAs	17,305	97,045	120,380	-	(6,030)	35,831	29,801	-	-
Education Jobs	-	-	-	-	-	88,925	132,445	-	(43,520)
Self-Insurance	1,065,106	891,690	977,757	-	979,039	1,254,669	1,144,454	-	1,089,254
Prepaid Food	4,553	215,894	215,424	-	5,023	196,966	196,054	-	5,935
Payroll Withholding	-	1,079,435	1,079,435	-	-	1,111,014	1,111,014	-	-
ECA Clearing	-	10,232	10,232	-	-	9,011	9,011	-	-
Insurance Clearing	-	12,181	12,181	-	-	11,603	11,603	-	-
SIEC Reimbursement	-	12,120	12,120	-	-	3,581	3,581	-	-
Employee Reimbursement	-	650	650	-	-	-	-	-	-
CAGIT Distribution	45,540	45,540	91,080	-	-	-	-	-	-
Totals	\$ 4,141,905	\$ 9,519,177	\$ 10,201,490	\$ -	\$ 3,459,592	\$ 10,037,224	\$ 10,418,480	\$ -	\$ 3,078,336

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

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

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

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

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

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

E. Disbursements

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

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

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

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

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

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

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

B. Teacher's Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

SUPPLEMENTARY INFORMATION – UNAUDITED

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

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

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond	School Lunch
Cash and investments - beginning	\$ 520,581	\$ 219,087	\$ 24,085	\$ 326,781	\$ 230,975	\$ 15,881	\$ 1,416,244	\$ 23,762	\$ 15,455
Receipts:									
Local sources	30,997	550,039	239,160	752,465	496,634	-	100	-	219,212
Intermediate sources	25	-	-	-	-	-	-	-	-
State sources	4,108,740	-	-	-	-	-	-	-	4,793
Federal sources	-	-	-	-	-	-	-	-	85,551
Other	-	-	-	-	-	-	-	-	-
Total receipts	<u>4,139,762</u>	<u>550,039</u>	<u>239,160</u>	<u>752,465</u>	<u>496,634</u>	<u>-</u>	<u>100</u>	<u>-</u>	<u>309,556</u>
Disbursements:									
Current:									
Instruction	3,323,980	-	-	-	-	-	108,749	23,360	-
Support services	914,768	260	-	406,648	384,614	-	359,992	402	-
Noninstructional services	114,146	-	-	-	-	-	-	-	320,007
Facilities acquisition and construction	-	-	-	219,985	-	-	-	-	-
Debt services	-	420,588	236,152	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>4,352,894</u>	<u>420,848</u>	<u>236,152</u>	<u>626,633</u>	<u>384,614</u>	<u>-</u>	<u>468,741</u>	<u>23,762</u>	<u>320,007</u>
Excess (deficiency) of receipts over disbursements	<u>(213,132)</u>	<u>129,191</u>	<u>3,008</u>	<u>125,832</u>	<u>112,020</u>	<u>-</u>	<u>(468,641)</u>	<u>(23,762)</u>	<u>(10,451)</u>
Other financing sources (uses):									
Transfers in	-	-	-	-	10,025	-	525,000	-	-
Transfers out	-	(200,000)	-	(200,000)	(125,000)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(200,000)</u>	<u>-</u>	<u>(200,000)</u>	<u>(114,975)</u>	<u>-</u>	<u>525,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(213,132)</u>	<u>(70,809)</u>	<u>3,008</u>	<u>(74,168)</u>	<u>(2,955)</u>	<u>-</u>	<u>56,359</u>	<u>(23,762)</u>	<u>(10,451)</u>
Cash and investments - ending	<u>\$ 307,449</u>	<u>\$ 148,278</u>	<u>\$ 27,093</u>	<u>\$ 252,613</u>	<u>\$ 228,020</u>	<u>\$ 15,881</u>	<u>\$ 1,472,603</u>	<u>\$ -</u>	<u>\$ 5,004</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Textbook Rental	Levy Excess	Educational License Plates	School Technology	2009-2010 HAL Grant	2010-2011 HAL Grant	2009-2010 Title I	2010-2011 Title I
Cash and investments - beginning	\$ 31,667	\$ -	\$ 3,470	\$ 24,272	\$ 3,728	\$ -	\$ 81,800	\$ -
Receipts:								
Local sources	91,118	-	-	-	-	-	-	-
Intermediate sources	-	-	55	-	-	-	-	-
State sources	13,084	10,025	-	6,576	-	27,789	-	-
Federal sources	-	-	-	-	-	-	97,994	382,174
Other	-	-	-	-	-	-	-	-
Total receipts	<u>104,202</u>	<u>10,025</u>	<u>55</u>	<u>6,576</u>	<u>-</u>	<u>27,789</u>	<u>97,994</u>	<u>382,174</u>
Disbursements:								
Current:								
Instruction	-	-	-	-	3,728	22,741	101,149	320,015
Support services	110,795	-	-	8,581	-	-	41,430	124,649
Noninstructional services	-	-	-	-	-	-	232	6,028
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>110,795</u>	<u>-</u>	<u>-</u>	<u>8,581</u>	<u>3,728</u>	<u>22,741</u>	<u>142,811</u>	<u>450,692</u>
Excess (deficiency) of receipts over disbursements	<u>(6,593)</u>	<u>10,025</u>	<u>55</u>	<u>(2,005)</u>	<u>(3,728)</u>	<u>5,048</u>	<u>(44,817)</u>	<u>(68,518)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	36,983
Transfers out	-	(10,025)	-	-	-	-	(36,983)	-
Total other financing sources (uses)	<u>-</u>	<u>(10,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(36,983)</u>	<u>36,983</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(6,593)</u>	<u>-</u>	<u>55</u>	<u>(2,005)</u>	<u>(3,728)</u>	<u>5,048</u>	<u>(81,800)</u>	<u>(31,535)</u>
Cash and investments - ending	<u>\$ 25,074</u>	<u>\$ -</u>	<u>\$ 3,525</u>	<u>\$ 22,267</u>	<u>\$ -</u>	<u>\$ 5,048</u>	<u>\$ -</u>	<u>\$ (31,535)</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	2009-2010 Safe and Drug-Free Schools	2010-2011 Title II, Part A	2009-2010 Title II, Part A	2008-2009 Title II, Part D	FY 09 Rural Schools and Low Income Grant	FY 10 Rural Schools and Low Income Grant	Title I Grants to LEAs	Self-Insurance
Cash and investments - beginning	\$ 2,083	\$ -	\$ 63,146	\$ 6,384	\$ -	\$ -	\$ 17,305	\$ 1,065,106
Receipts:								
Local sources	-	-	-	-	-	10	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	13,163	-	-	19,411	5,275	97,045	-
Other	-	-	-	-	-	-	-	891,690
Total receipts	-	13,163	-	-	19,411	5,285	97,045	891,690
Disbursements:								
Current:								
Instruction	2,083	12,923	63,146	-	19,411	-	44,112	-
Support services	-	-	-	6,384	-	5,285	76,268	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	977,757
Total disbursements	2,083	12,923	63,146	6,384	19,411	5,285	120,380	977,757
Excess (deficiency) of receipts over disbursements	(2,083)	240	(63,146)	(6,384)	-	-	(23,335)	(86,067)
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	(2,083)	240	(63,146)	(6,384)	-	-	(23,335)	(86,067)
Cash and investments - ending	\$ -	\$ 240	\$ -	\$ -	\$ -	\$ -	\$ (6,030)	\$ 979,039

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2011
 (Continued)

	Prepaid Food	Payroll Withholdings	ECA Clearing	Insurance Clearing	SIEC Reimbursement	Employee Reimbursement	CAGIT Distribution	Totals
Cash and investments - beginning	\$ 4,553	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 45,540	\$ 4,141,905
Receipts:								
Local sources	-	-	-	-	-	-	-	2,379,735
Intermediate sources	-	-	-	-	-	-	-	80
State sources	-	-	-	-	-	-	-	4,171,007
Federal sources	-	-	-	-	-	-	-	700,613
Other	215,894	1,079,435	10,232	12,181	12,120	650	45,540	2,267,742
Total receipts	215,894	1,079,435	10,232	12,181	12,120	650	45,540	9,519,177
Disbursements:								
Current:								
Instruction	-	-	-	-	-	-	-	4,045,397
Support services	-	-	-	-	-	-	-	2,440,076
Noninstructional services	-	-	-	-	-	-	-	440,413
Facilities acquisition and construction	-	-	-	-	-	-	-	219,985
Debt services	-	-	-	-	-	-	-	656,740
Nonprogrammed charges	215,424	1,079,435	10,232	12,181	12,120	650	91,080	2,398,879
Total disbursements	215,424	1,079,435	10,232	12,181	12,120	650	91,080	10,201,490
Excess (deficiency) of receipts over disbursements	470	-	-	-	-	-	(45,540)	(682,313)
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	572,008
Transfers out	-	-	-	-	-	-	-	(572,008)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	470	-	-	-	-	-	(45,540)	(682,313)
Cash and investments - ending	\$ 5,023	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,459,592

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch
Cash and investments - beginning	\$ 307,449	\$ 148,278	\$ 27,093	\$ 252,613	\$ 228,020	\$ 15,881	\$ 1,472,603	\$ 5,004
Receipts:								
Local sources	52,325	612,370	232,960	609,957	496,390	-	81,985	216,567
Intermediate sources	14	-	-	-	-	-	-	-
State sources	4,103,035	-	-	-	-	-	-	5,125
Federal sources	-	-	-	-	-	-	-	86,373
Other	-	-	-	-	-	-	-	-
Total receipts	<u>4,155,374</u>	<u>612,370</u>	<u>232,960</u>	<u>609,957</u>	<u>496,390</u>	<u>-</u>	<u>81,985</u>	<u>308,065</u>
Disbursements:								
Current:								
Instruction	3,491,912	-	-	-	-	-	48,829	-
Support services	581,419	-	-	326,315	394,224	-	734,188	-
Noninstructional services	129,130	-	-	-	-	-	-	309,660
Facilities acquisition and construction	-	-	-	301,607	-	-	-	-
Debt services	-	412,589	239,674	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>4,202,461</u>	<u>412,589</u>	<u>239,674</u>	<u>627,922</u>	<u>394,224</u>	<u>-</u>	<u>783,017</u>	<u>309,660</u>
Excess (deficiency) of receipts over disbursements	<u>(47,087)</u>	<u>199,781</u>	<u>(6,714)</u>	<u>(17,965)</u>	<u>102,166</u>	<u>-</u>	<u>(701,032)</u>	<u>(1,595)</u>
Other financing sources (uses):								
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	(1,560)	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,560)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(47,087)</u>	<u>198,221</u>	<u>(6,714)</u>	<u>(17,965)</u>	<u>102,166</u>	<u>-</u>	<u>(701,032)</u>	<u>(1,595)</u>
Cash and investments - ending	<u>\$ 260,362</u>	<u>\$ 346,499</u>	<u>\$ 20,379</u>	<u>\$ 234,648</u>	<u>\$ 330,186</u>	<u>\$ 15,881</u>	<u>\$ 771,571</u>	<u>\$ 3,409</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Textbook Rental	Educational License Plates	Toyota Library Donation	Miscellaneous Programs	School Technology	2010-2011 HAL Grant	2011-2012 HAL Grant	Excess PTRC Distributions
Cash and investments - beginning	\$ 25,074	\$ 3,525	\$ -	\$ -	\$ 22,267	\$ 5,048	\$ -	\$ -
Receipts:								
Local sources	88,352	-	1,500	-	7,130	-	20	17,202
Intermediate sources	-	113	-	500	-	-	-	-
State sources	13,199	-	-	-	6,576	-	26,886	-
Federal sources	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	101,551	113	1,500	500	13,706	-	26,906	17,202
Disbursements:								
Current:								
Instruction	-	-	-	-	-	5,048	21,715	-
Support services	101,647	-	1,500	-	8,580	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	101,647	-	1,500	-	8,580	5,048	21,715	-
Excess (deficiency) of receipts over disbursements	(96)	113	-	500	5,126	(5,048)	5,191	17,202
Other financing sources (uses):								
Transfers in	1,560	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	1,560	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,464	113	-	500	5,126	(5,048)	5,191	17,202
Cash and investments - ending	\$ 26,538	\$ 3,638	\$ -	\$ 500	\$ 27,393	\$ -	\$ 5,191	\$ 17,202

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	2010-2011 Title I	2011-2012 Title I	FY 09 Supplemental Safe and Drug-Free Schools	2010-2011 Title II, Part A	2011-2012 Title II, Part A	FY 10 Rural Schools and Low Income Grant	Title I Grants to LEAs	Education Jobs
Cash and investments - beginning	\$ (31,535)	\$ -	\$ -	\$ 240	\$ -	\$ -	\$ (6,030)	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	88,891	438,394	1,369	64,783	55,080	18,528	35,831	88,925
Other	-	-	-	-	-	-	-	-
Total receipts	<u>88,891</u>	<u>438,394</u>	<u>1,369</u>	<u>64,783</u>	<u>55,080</u>	<u>18,528</u>	<u>35,831</u>	<u>88,925</u>
Disbursements:								
Current:								
Instruction	35,482	316,222	1,369	58,749	55,080	18,098	21,308	74,428
Support services	16,874	147,447	-	6,274	-	1,073	8,493	44,695
Noninstructional services	5,000	10,812	-	-	-	-	-	13,322
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>57,356</u>	<u>474,481</u>	<u>1,369</u>	<u>65,023</u>	<u>55,080</u>	<u>19,171</u>	<u>29,801</u>	<u>132,445</u>
Excess (deficiency) of receipts over disbursements	<u>31,535</u>	<u>(36,087)</u>	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>(643)</u>	<u>6,030</u>	<u>(43,520)</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>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>31,535</u>	<u>(36,087)</u>	<u>-</u>	<u>(240)</u>	<u>-</u>	<u>(643)</u>	<u>6,030</u>	<u>(43,520)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (36,087)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (643)</u>	<u>\$ -</u>	<u>\$ (43,520)</u>

BARR-REEVE COMMUNITY SCHOOLS, INC.
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2012
 (Continued)

	Self-Insurance	Prepaid Food	Payroll Withholdings	ECA Clearing	Insurance Clearing	SIEC Reimbursement	Totals
Cash and investments - beginning	\$ 979,039	\$ 5,023	\$ -	\$ -	\$ -	\$ -	\$ 3,459,592
Receipts:							
Local sources	-	-	-	-	-	-	2,416,758
Intermediate sources	-	-	-	-	-	-	627
State sources	-	-	-	-	-	-	4,154,821
Federal sources	-	-	-	-	-	-	878,174
Other	1,254,669	196,966	1,111,014	9,011	11,603	3,581	2,586,844
Total receipts	1,254,669	196,966	1,111,014	9,011	11,603	3,581	10,037,224
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	4,148,240
Support services	-	-	-	-	-	-	2,372,729
Noninstructional services	-	-	-	-	-	-	467,924
Facilities acquisition and construction	-	-	-	-	-	-	301,607
Debt services	-	-	-	-	-	-	652,263
Nonprogrammed charges	1,144,454	196,054	1,111,014	9,011	11,603	3,581	2,475,717
Total disbursements	1,144,454	196,054	1,111,014	9,011	11,603	3,581	10,418,480
Excess (deficiency) of receipts over disbursements	110,215	912	-	-	-	-	(381,256)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	1,560
Transfers out	-	-	-	-	-	-	(1,560)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	110,215	912	-	-	-	-	(381,256)
Cash and investments - ending	\$ 1,089,254	\$ 5,935	\$ -	\$ -	\$ -	\$ -	\$ 3,078,336

Travis Madison
Superintendent of Schools

Mary Lottes
Treasurer

Tamara Swartzentruber
Secretary

BARR-REEVE COMMUNITY SCHOOLS, INC.

BOARD MEMBERS

Galen Graber
Scott Lottes
Joe Cummings

BARR-REEVE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
JUNE 30, 2012

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 161,251
Infrastructure	-
Buildings	9,907,333
Improvements other than buildings	653,870
Machinery, equipment and vehicles	1,300,858
Books and other	-
	<u> </u>
Total capital assets	<u>\$ 12,023,312</u>

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

FUND SOURCES AND USES

Funds were disbursed from the Capital Projects Fund for items such as monthly trash disposal, pest control, parking lot sweeping, bank fees for bond accounts, service center membership fees, and office supplies such as wall clocks, desk organizers, chair mats, and microwaves.

Funds were disbursed from the Transportation Fund to pay 100 percent of cell phone charges for several school employees whose duties are not totally related to transportation.

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 B38356, B34358, and B29623.

BOARD MEMBERS PAID FOR BUS DRIVING

Two Board members were paid for bus driving during the audit period.

Indiana Code 20-26-4-11 states:

"In addition to any other eligibility requirements for members of the governing body of a school corporation as set forth in law, an individual who is employed as a teacher or as a non-certificated employee (as defined in IC 20-29-2-11) of the school corporation may not be a member of the governing body of the school corporation."

CAPITAL ASSET RECORDS

Information presented for audit indicated that an adequate record of capital assets was not maintained. An outside company was hired to compile a capital asset inventory report. However, this report was not adequately reviewed to ensure that all capital assets purchased throughout the year were included and were reported at the correct cost. In addition, technology equipment additions per this report did not always agree to the inventory maintained by school personnel. Although there were numerous errors in the recording of capital assets, the figures presented in the Schedule of Capital Assets are believed to be materially correct.

Every governmental unit should have a complete inventory of all capital assets owned which reflect their acquisition value. Such inventory should be recorded on the applicable Capital Asset Ledger. A complete inventory should be taken at least every two years for good internal control and for verifying account balances carried in the accounting records. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

FEES (Applies to Elementary and Jr/Sr High School)

A \$15 fee was charged to all kindergarten students and a \$10 student fee was charged to all students in grades 7-12. In addition, fees were being charged for various classes for grades K-12. No supporting documentation was available to verify the validity of the fee charged.

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

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)

A similar comment appeared in prior Report B38356.

GENERAL FUND (Student Activity Fund) (Applies to Jr/Sr High School)

The Student Activity funds paid for the following staff related items during the audit period:

<u>Disbursement Item</u>	<u>2010-2011</u>	<u>2011-2012</u>
Donuts for staff meetings	\$ 94	\$ 288
Staff gifts	308	245
Staff shirts	772	360
Jugs for office water cooler	80	66
Staff lunch	116	73
Staff Christmas breakfast	282	-
Staff Christmas dinner	-	1,165
Staff donation for dinner	-	(300)
Totals	<u>\$ 1,652</u>	<u>\$ 1,897</u>

The State Board of Accounts consistently has been of the audit position to not take an audit exception to a school extra curricular account having a general fund if the fund consists of revenues received from functions (vending machines or sales of a similar nature, etc.) not generated by students for a specific class or organization (for which a fund should be established). Our audit position has been with the provision that the functions for which the expenditures are made benefit the student body as a whole (as opposed to a select group of students, school employees, or administrators). Examples of appropriate expenditures in the past would be convocations, field trips which the entire student body has the opportunity to take during the course of the school year, etc. Our audit position has been based in part upon the substance of the transaction (the revenues are primarily from students or parents paying into vending machines, picture money, etc.). (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

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

ECA DISBURSEMENTS (Applies to Jr/Sr High School)

Several payments were observed which did not contain adequate supporting documentation such as receipts and invoices. Due to the lack of supporting information, the validity and accountability for some monies disbursed could not be established. Sales tax was paid on several reimbursements.

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 Extra-Curricular Accounts, Chapter 7)

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 Extra-Curricular Accounts, Chapter 7)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

Compliance

We have audited the Barr-Reeve Community Schools, Inc.'s (School Corporation) compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012. The School Corporation's major federal program is 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 its major federal program is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied, in all material respects, with the requirements referred to above that could have a direct and material effect on its major federal program for the period of July 1, 2010 to June 30, 2012.

Internal Control Over Compliance

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 17, 2013

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

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

BARR-REEVE COMMUNITY SCHOOLS, INC.
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2011 and 2012

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 06-30-11	Total Federal Awards Expended 06-30-12
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
FY 10-11			\$ 11,849	\$ -
FY 11-12			-	10,219
National School Lunch Program	10.555			
FY 10-11			93,287	-
FY 11-12			-	96,647
Total for federal grantor agency			<u>105,136</u>	<u>106,866</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies				
	84.010	10-1315	142,811	-
		11-1315	450,692	57,356
		12-1315	-	474,481
Total for program			<u>593,503</u>	<u>531,837</u>
ARRA - Title I Grants to Local Educational Agencies				
	84.389	10-1315	11,347	-
		11-1315	109,033	29,801
Total for program			<u>120,380</u>	<u>29,801</u>
Total for cluster			<u>713,883</u>	<u>561,638</u>
Educational Technology State Grants Cluster				
Education Technology State Grants				
FY 08-10	84.318		6,384	-
Total for cluster			<u>6,384</u>	<u>-</u>
Safe and Drug-Free Schools and Communities - State Grants				
	84.186	09-1315 FY09 Supplemental	2,083	-
			-	1,369
Total for program			<u>2,083</u>	<u>1,369</u>
Rural Education				
FY09	84.358		19,411	-
FY10			5,285	19,171
Total for program			<u>24,696</u>	<u>19,171</u>
Improving Teacher Quality State Grants				
FY 09	84.367		63,146	-
FY 10			12,923	65,023
FY 11			-	55,080
Total for program			<u>76,069</u>	<u>120,103</u>
Education Jobs Fund				
FY 11-12	84.410		-	132,445
Total for federal grantor agency			<u>100,765</u>	<u>271,719</u>
Total federal awards expended			<u>\$ 928,251</u>	<u>\$ 941,592</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

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

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

Note 2. Noncash Assistance

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

Program Title	Federal CFDA Number	2011	2012
National School Lunch Program	10.555	\$ 16,692	\$ 18,508
School Breakfast Program	10.553	2,137	1,957

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

Section I – Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

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

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

Auditee qualified as low-risk auditee? yes

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.
EXIT CONFERENCE

The contents of this report were discussed on January 17, 2013, with Travis Madison, Superintendent of Schools; Mary Lottes, Treasurer; and Joe Cummings, President of the School Board. The officials concurred with our audit findings.