

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

AUDIT REPORT

OF

ARGOS COMMUNITY SCHOOLS

MARSHALL COUNTY, INDIANA

July 1, 2007 to June 30, 2009



**FILED**

02/16/2010



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Thomas McFarland Pamela Bishop	07-01-07 to 06-30-08 07-01-08 to 06-30-10
Superintendent of Schools	(Vacant) Barbara Flory Dr. Jennifer Lucht	07-01-07 to 07-31-07 08-01-07 to 06-30-09 07-01-09 to 06-30-10
President of the School Board	Dr. John Haste	07-01-07 to 06-30-10



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE ARGOS COMMUNITY SCHOOLS, MARSHALL COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Argos Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, 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, 2008 and 2009, 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 January 14, 2010, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an 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 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

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

U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The School Corporation has not presented Management's Discussion and Analysis 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

January 14, 2010



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

TO: THE OFFICIALS OF THE ARGOS COMMUNITY SCHOOLS, MARSHALL COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Argos Community Schools (School Corporation), as of and for the years ended June 30, 2008 and 2009, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 14, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

This report is intended solely for the information and use of the School Corporation's management 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

January 14, 2010

ARGOS COMMUNITY SCHOOLS  
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS  
For the Year Ended June 30, 2008

<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	\$ 3,081,732	\$ -	\$ 91,684	\$ (2,990,048)
Support services	1,824,190	145,637	129,325	(1,549,228)
Noninstructional services	287,435	-	-	(287,435)
Facilities acquisition and construction	295,062	-	-	(295,062)
Debt service	715,879	-	-	(715,879)
Nonprogrammed charges	411,621	-	-	(411,621)
<b>Total governmental activities</b>	<b><u>\$ 6,615,919</u></b>	<b><u>\$ 145,637</u></b>	<b><u>\$ 221,009</u></b>	<b><u>(6,249,273)</u></b>
General receipts:				
Property taxes				2,029,576
Other local sources				405,655
State aid				2,849,995
Bonds and loans				543,468
Grants and contributions not restricted to specific programs				148,803
Investment earnings				59,082
Other				<u>5,272</u>
<b>Total general receipts</b>				<b><u>6,041,851</u></b>
Change in net assets				(207,422)
Net assets - beginning				<u>1,100,577</u>
Net assets - ending				<b><u>\$ 893,155</u></b>
<u>Assets</u>				
Cash and investments				\$ 587,323
Restricted assets:				
Cash and investments				<u>305,832</u>
<b>Total assets</b>				<b><u>\$ 893,155</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 305,832
Unrestricted				<u>587,323</u>
<b>Total net assets</b>				<b><u>\$ 893,155</u></b>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,952,167	\$ -	\$ 99,981	\$ (2,852,186)
Support services	1,853,223	60,282	201,762	(1,591,179)
Noninstructional services	319,151	-	-	(319,151)
Facilities acquisition and construction	486,681	-	-	(486,681)
Debt service	1,202,242	-	-	(1,202,242)
Nonprogrammed charges	299,231	-	-	(299,231)
	<u>\$ 7,112,695</u>	<u>\$ 60,282</u>	<u>\$ 301,743</u>	<u>(6,750,670)</u>
General receipts:				
Property taxes				2,500,382
Other local sources				415,287
State aid				3,097,108
Bonds and loans				296,865
Grants and contributions not restricted to specific programs				539,159
Investment earnings				6,388
Other				28,327
Total general receipts				6,883,516
Change in net assets				132,846
Net assets - beginning				893,155
Net assets - ending				\$ 1,026,001
<u>Assets</u>				
Cash and investments				\$ 726,411
Restricted assets:				
Cash and investments				299,590
Total assets				\$ 1,026,001
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 299,590
Unrestricted				726,411
Total net assets				\$ 1,026,001

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

ARGOS COMMUNITY SCHOOLS  
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, 2008

	General	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>					
Local sources	\$ 1,129,138	\$ 560,097	\$ 493,310	\$ 457,260	\$ 2,639,805
Intermediate sources	70	-	-	75	145
State sources	2,912,859	-	-	104,328	3,017,187
Federal sources	-	-	-	202,620	202,620
Temporary loans	523,707	-	-	19,761	543,468
Other	2,243	-	1,495	1,534	5,272
<b>Total receipts</b>	<b>4,568,017</b>	<b>560,097</b>	<b>494,805</b>	<b>785,578</b>	<b>6,408,497</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	2,976,497	-	-	105,235	3,081,732
Support services	1,044,313	-	274,953	504,924	1,824,190
Noninstructional services	77,173	-	-	210,262	287,435
Facilities acquisition and construction	100	-	293,631	1,331	295,062
Debt services	372,300	343,579	-	-	715,879
Nonprogrammed charges	392,191	-	-	19,430	411,621
<b>Total disbursements</b>	<b>4,862,574</b>	<b>343,579</b>	<b>568,584</b>	<b>841,182</b>	<b>6,615,919</b>
Excess (deficiency) of receipts over disbursements	(294,557)	216,518	(73,779)	(55,604)	(207,422)
<b>Other financing sources (uses):</b>					
Transfers in	11,566	-	-	3,497	15,063
Transfers out	-	-	-	(15,063)	(15,063)
<b>Total other financing sources (uses)</b>	<b>11,566</b>	<b>-</b>	<b>-</b>	<b>(11,566)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(282,991)	216,518	(73,779)	(67,170)	(207,422)
Cash and investments - beginning	379,072	89,314	298,464	333,727	1,100,577
Cash and investments - ending	<u>\$ 96,081</u>	<u>\$ 305,832</u>	<u>\$ 224,685</u>	<u>\$ 266,557</u>	<u>\$ 893,155</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 96,081	\$ -	\$ 224,685	\$ 266,557	\$ 587,323
Restricted assets:					
Cash and investments	-	305,832	-	-	305,832
<b>Total cash and investment assets - ending</b>	<u>\$ 96,081</u>	<u>\$ 305,832</u>	<u>\$ 224,685</u>	<u>\$ 266,557</u>	<u>\$ 893,155</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ 305,832	\$ -	\$ -	\$ 305,832
Unrestricted	96,081	-	224,685	266,557	587,323
<b>Total cash and investment fund balance - ending</b>	<u>\$ 96,081</u>	<u>\$ 305,832</u>	<u>\$ 224,685</u>	<u>\$ 266,557</u>	<u>\$ 893,155</u>

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

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

	General	Rainy Day	Debt Service	Capital Projects	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 1,230,686	\$ -	\$ 741,571	\$ 533,303	\$ 476,744	\$ 2,982,304
Intermediate sources	35	-	-	-	-	35
State sources	3,166,981	-	-	-	145,213	3,312,194
Federal sources	-	-	-	-	625,816	625,816
Temporary loans	138,122	-	-	158,743	-	296,865
Other	7,466	-	-	9,856	11,005	28,327
<b>Total receipts</b>	<b>4,543,290</b>	<b>-</b>	<b>741,571</b>	<b>701,902</b>	<b>1,258,778</b>	<b>7,245,541</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,525,698	-	-	-	426,469	2,952,167
Support services	1,052,528	-	-	341,732	458,963	1,853,223
Noninstructional services	84,625	-	-	-	234,526	319,151
Facilities acquisition and construction	-	-	-	468,033	18,648	486,681
Debt services	534,464	-	647,625	-	20,153	1,202,242
Nonprogrammed charges	252,752	-	-	-	46,479	299,231
<b>Total disbursements</b>	<b>4,450,067</b>	<b>-</b>	<b>647,625</b>	<b>809,765</b>	<b>1,205,238</b>	<b>7,112,695</b>
Excess (deficiency) of receipts over disbursements	93,223	-	93,946	(107,863)	53,540	132,846
<b>Other financing sources (uses):</b>						
Transfers in	32,188	120,000	-	-	15	152,203
Transfers out	-	-	(100,188)	-	(52,015)	(152,203)
<b>Total other financing sources (uses)</b>	<b>32,188</b>	<b>120,000</b>	<b>(100,188)</b>	<b>-</b>	<b>(52,000)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	125,411	120,000	(6,242)	(107,863)	1,540	132,846
Cash and investments - beginning	96,081	-	305,832	224,685	266,557	893,155
Cash and investments - ending	<u>\$ 221,492</u>	<u>\$ 120,000</u>	<u>\$ 299,590</u>	<u>\$ 116,822</u>	<u>\$ 268,097</u>	<u>\$ 1,026,001</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 221,492	\$ 120,000	\$ -	\$ 116,822	\$ 268,097	\$ 726,411
Restricted assets:						
Cash and investments	-	-	299,590	-	-	299,590
<b>Total cash and investment assets - ending</b>	<b><u>\$ 221,492</u></b>	<b><u>\$ 120,000</u></b>	<b><u>\$ 299,590</u></b>	<b><u>\$ 116,822</u></b>	<b><u>\$ 268,097</u></b>	<b><u>\$ 1,026,001</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ 299,590	\$ -	\$ -	\$ 299,590
Unrestricted	221,492	120,000	-	116,822	268,097	726,411
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 221,492</u></b>	<b><u>\$ 120,000</u></b>	<b><u>\$ 299,590</u></b>	<b><u>\$ 116,822</u></b>	<b><u>\$ 268,097</u></b>	<b><u>\$ 1,026,001</u></b>

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

ARGOS COMMUNITY SCHOOLS  
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
FIDUCIARY FUNDS  
For the Year Ended June 30, 2008

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Local	\$ 47,333	
Temporary loan	21,796	
Total additions	69,129	
Deductions:		
Debt service	50,359	
Excess of total additions over total deductions	18,770	
Cash and investment fund balance - beginning	579	
Cash and investment fund balance - ending	\$ 19,349	\$ 25,504
Net assets:		
Cash and investments	\$ 19,349	
Total net assets - cash and investment basis held in trust	\$ 19,349	

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

ARGOS COMMUNITY SCHOOLS  
 STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES  
 FIDUCIARY FUNDS  
 For the Year Ended June 30, 2009

	Pension Trust Fund	Agency Fund
Additions:		
Contributions:		
Local	\$ 49,465	
Deductions:		
Debt service	69,427	
Deficiency of total additions over total deductions	(19,962)	
Cash and investment fund balance - beginning	19,349	
Cash and investment fund balance - ending	\$ (613)	\$ 26,239
Net assets:		
Cash and investments	\$ (613)	
Total net assets - cash and investment basis held in trust	\$ (613)	

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

ARGOS COMMUNITY SCHOOLS  
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: Argos Community Schools

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 with 9 other schools in a joint venture to operate the Joint Educational Services in Special Education Co-op (JESSE) which was created to provide education for handicapped children. The School Corporation is obligated by contract to remit a percentage of JESSE's budget, based on the enrollment (ADM) of all participating schools, annually to supplement JESSE's budget. JESSE's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of JESSE. Complete financial statements for JESSE can be obtained from its administrative office at P.O. Box 418, 324 North Kingston, Plymouth, IN 46563.

The School Corporation is a participant with 40 other schools in a joint venture to operate the Northern Indiana Education Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services which they collectively may implement. The School Corporation is obligated by contract to remit a per student rate determined annually to supplement NIESC's budget. NIESC's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of NIESC. Complete financial statements for NIESC can be obtained from NIESC at 56535 Magnetic Drive, Mishawaka, IN 46545.

The School Corporation is a participant with 9 other schools in a joint venture to operate the North Central Area Vocational Co-op (Co-op) which was created to plan for future needs, programs or services for vocational education. The School Corporation is obligated by contract to remit a percentage of the Co-op's budget, based on vocational student counts, annually to supplement the Co-op. The Co-op's continued existence depends on continued funding by the School Corporation. The School Corporation is obligated for the debts of the Co-op. Complete financial statements for the Co-op can be obtained from the administrative office at P.O. Box 231, 700 School Street, Culver, IN 46511.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The rainy day fund is used to account for funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities for payments anticipated to be made to employees on or after the termination of employment or to pay postretirement or severance benefits made by the School Corporation in a trustee capacity and payment of bond debt.

The agency fund accounts for assets held by the School Corporation as an agent for the payroll deductions and serves as a control account for certain cash transactions during the time they are a liability of the School Corporation.

C. Measurement Focus and Basis of Accounting

The government-wide, governmental 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.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. 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.

2. Property Taxes

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. 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% 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 become delinquent if not paid by May 10 and November 10, respectively. The School Corporation received the June 2009 tax distribution on August 17, 2009.

3. 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.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

4. Long-Term Debt

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

5. 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."

It is the School Corporation's policy to first use restricted net assets prior to the use of unrestricted net assets when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

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, and (2) operating 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 Balances and 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 and balances 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.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

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

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

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, 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 or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

B. Cash and Investment Balance Deficits

At June 30, 2008 and 2009, the following fund reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2008	2009
Textbook Rental	<u>\$ (15,475)</u>	<u>\$ (32,344)</u>

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 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, 2009, the School Corporation had deposit balances in the amount of \$1,050,657. The bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2008 and 2009, were as follows:

Transfer From	Transfer To	2008	2009
Debt Service	General Fund	\$ -	\$ 32,188
Debt Service	Rainy Day	-	68,000
Other governmental funds	General Fund	11,566	-
Other governmental funds	Rainy Day	-	52,000
Other governmental funds	Other governmental funds	<u>3,497</u>	<u>15</u>
Totals		<u>\$ 15,063</u>	<u>\$ 152,203</u>

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

IV. Other Information

A. Risk Management

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

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with Argos Community Schools 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 fiscal year 2008-2009 totaled \$567,000.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation with at least ten years of service. The cost of these benefits is the sole responsibility of the retiree.

In accordance with the provisions of SEA 199, passed by the Indiana State Legislature in 2001 and the agreement with the teachers labor union dated February 16, 2004, the School Corporation has established a Voluntary Employees' Beneficiary Association (VEBA). This plan is authorized by and described in section 501c (9) of the IRS code. Effective December 9, 2009, this VEBA is administered by Security Benefit Corporation. Following retirement and the satisfaction of the statutory requirements of the VEBA, the VEBA is designed to provide group health insurance benefits to plan members and beneficiaries. The Plan Administrator can provide information on this plan upon request. The information may be obtained by contacting:

Security Benefit Corporation  
ISTA WBPT  
P.O. Box 758549  
Topeka, KS 66636

Funding Policy and Annual Cost

The employees are not required to and do not make any ongoing contributions to their individual VEBA accounts while still employed. The accounts do earn interest income which is credited by the plan administrator to the individual accounts. The School Corporation, on a quarterly basis, contributes 1% of the employees' base salary to the employees' account. These requirements are established by the written agreement between the School Corporation and the Plan Administrator. The employer contributions made to the plan for the fiscal year ending June 30, 2009, were \$28,800.

D. Subsequent Events

At June 30, 2009, the School Corporation had tax anticipation warrants outstanding for the General Fund and the Capital Projects Fund in the amounts of \$138,122 and \$158,743, respectively. The School Corporation intends to repay these tax anticipation warrants by December 31, 2009.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

The School Corporation has received Federal stimulus awards totaling \$53,520 for Title I programs. The School Corporation intends to expend these funds by January 2010.

In August 2009, one of the School Corporation's buildings incurred fire damage. As of the date of this report, damage has been estimated at \$300,000 and insurance claims have been filed and are in the process of being paid.

E. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

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

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 38,361
Interest on net pension obligation	(3,590)
Adjustment to annual required contribution	4,091
Annual pension cost	38,862
Contributions made	29,983
Increase in net pension obligation	8,879
Net pension obligation, beginning of year	(49,516)
Net pension obligation, end of year	\$ (40,637)
Contribution rates:	
School Corporation	5%
Plan members	3%
Actuarial valuation date	07-01-08
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 23,814	84%	\$ (58,192)
	06-30-07	33,563	74%	(49,516)
	06-30-08	38,862	77%	(40,637)

ARGOS COMMUNITY SCHOOLS  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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 and Annual Pension Costs

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 is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2009, 2008, and 2007, were \$50,456, \$53,353, and \$45,767, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

ARGOS COMMUNITY SCHOOLS  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 603,501	\$ 554,725	\$ 48,776	109%	\$ 606,871	8%
07-01-07	670,796	636,817	33,979	105%	665,679	5%
07-01-08	750,026	870,853	(120,827)	86%	699,083	(17%)

ARGOS COMMUNITY SCHOOLS  
 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, 2008

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plate
<b>Receipts:</b>						
Local sources	\$ 260,901	\$ 2,697	\$ 124,168	\$ 36,401	\$ -	\$ -
Intermediate sources	-	-	-	-	-	75
State sources	-	17,857	3,457	25,661	-	-
Federal sources	-	-	97,323	-	-	-
Temporary loans	-	-	-	-	-	-
Other	1,503	-	-	31	-	-
<b>Total receipts</b>	<b>262,404</b>	<b>20,554</b>	<b>224,948</b>	<b>62,093</b>	<b>-</b>	<b>75</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	-
Support services	299,710	-	-	59,083	-	-
Noninstructional services	-	-	209,931	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	19,430	-	-	-	-
<b>Total disbursements</b>	<b>299,710</b>	<b>19,430</b>	<b>209,931</b>	<b>59,083</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	(37,306)	1,124	15,017	3,010	-	75
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(11,566)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,566)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(37,306)	1,124	15,017	3,010	(11,566)	75
Cash and investments - beginning	114,189	8,960	39,146	(18,484)	11,566	1,144
Cash and investments - ending	<u>\$ 76,883</u>	<u>\$ 10,084</u>	<u>\$ 54,163</u>	<u>\$ (15,474)</u>	<u>\$ -</u>	<u>\$ 1,219</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	<u>\$ 76,883</u>	<u>\$ 10,084</u>	<u>\$ 54,163</u>	<u>\$ (15,474)</u>	<u>\$ -</u>	<u>\$ 1,219</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	<u>\$ 76,883</u>	<u>\$ 10,084</u>	<u>\$ 54,163</u>	<u>\$ (15,474)</u>	<u>\$ -</u>	<u>\$ 1,219</u>

ARGOS COMMUNITY SCHOOLS  
 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, 2008  
 (Continued)

	School Safe Haven	Gifted and Talented 2006/2007	Tech Prep Staff Development	Indiana Arts Commission	Non-English Speaking Program	School Technology
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,541
Intermediate sources	-	-	-	-	-	-
State sources	1,418	28,009	-	-	811	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<u>1,418</u>	<u>28,009</u>	<u>-</u>	<u>-</u>	<u>811</u>	<u>4,541</u>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	13,416	-	-	190	5,167
Support services	87	-	-	-	-	49
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	1,331	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<u>1,418</u>	<u>13,416</u>	<u>-</u>	<u>-</u>	<u>190</u>	<u>5,216</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>14,593</u>	<u>-</u>	<u>-</u>	<u>621</u>	<u>(675)</u>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<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>-</u>	<u>14,593</u>	<u>-</u>	<u>-</u>	<u>621</u>	<u>(675)</u>
Cash and investments - beginning	<u>-</u>	<u>4,980</u>	<u>383</u>	<u>218</u>	<u>453</u>	<u>2,587</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 19,573</u>	<u>\$ 383</u>	<u>\$ 218</u>	<u>\$ 1,074</u>	<u>\$ 1,912</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	<u>\$ -</u>	<u>\$ 19,573</u>	<u>\$ 383</u>	<u>\$ 218</u>	<u>\$ 1,074</u>	<u>\$ 1,912</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Unrestricted	<u>\$ -</u>	<u>\$ 19,573</u>	<u>\$ 383</u>	<u>\$ 218</u>	<u>\$ 1,074</u>	<u>\$ 1,912</u>

ARGOS COMMUNITY SCHOOLS  
 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, 2008  
 (Continued)

	Technology Plan Program	Performance Based Award	Access Indiana	TEI - Tech Prep	Title I 2007/2008	Title I 2006/2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	24,615	-	2,500	-	-	-
Federal sources	-	-	-	-	85,500	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>24,615</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>85,500</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	74,505	1,000
Support services	6,413	-	-	-	52	-
Noninstructional services	-	-	-	-	331	-
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>6,413</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>74,888</b>	<b>1,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>18,202</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>10,612</b>	<b>(1,000)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	3,497	-
Transfers out	-	-	-	-	-	(3,497)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>3,497</b>	<b>(3,497)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>18,202</b>	<b>-</b>	<b>2,500</b>	<b>-</b>	<b>14,109</b>	<b>(4,497)</b>
<b>Cash and investments - beginning</b>	<b>29,673</b>	<b>610</b>	<b>-</b>	<b>132</b>	<b>-</b>	<b>4,497</b>
<b>Cash and investments - ending</b>	<b>\$ 47,875</b>	<b>\$ 610</b>	<b>\$ 2,500</b>	<b>\$ 132</b>	<b>\$ 14,109</b>	<b>\$ -</b>
<b>Cash and Investment Assets - Ending</b>						
<b>Cash and investments</b>	<b>\$ 47,875</b>	<b>\$ 610</b>	<b>\$ 2,500</b>	<b>\$ 132</b>	<b>\$ 14,109</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Unrestricted</b>	<b>\$ 47,875</b>	<b>\$ 610</b>	<b>\$ 2,500</b>	<b>\$ 132</b>	<b>\$ 14,109</b>	<b>\$ -</b>

ARGOS COMMUNITY SCHOOLS  
 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, 2008  
 (Continued)

	Chapter VI	Chapter V Part A	Career Education	Drug Free Schools 2006/2007	Drug Free Schools 2005/2006	Marshall County Drug Free
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 600
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	2,884	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>-</b>	<b>2,884</b>	<b>-</b>	<b>-</b>	<b>600</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	4,864	2,835	1,084
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4,864</b>	<b>2,835</b>	<b>1,084</b>
Excess (deficiency) of receipts over disbursements	-	-	2,884	(4,864)	(2,835)	(484)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	2,884	(4,864)	(2,835)	(484)
Cash and investments - beginning	1,607	1,146	-	5,972	2,835	1,947
Cash and investments - ending	\$ 1,607	\$ 1,146	\$ 2,884	\$ 1,108	\$ -	\$ 1,463
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 1,607	\$ 1,146	\$ 2,884	\$ 1,108	\$ -	\$ 1,463
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 1,607	\$ 1,146	\$ 2,884	\$ 1,108	\$ -	\$ 1,463

ARGOS COMMUNITY SCHOOLS  
 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, 2008  
 (Continued)

	Tobacco Education	Improving Teacher Quality - NCLB	Title II Part D	Challenge Technology	School Bus Replacement	Totals
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 27,952	\$ 457,260
Intermediate sources	-	-	-	-	-	75
State sources	-	-	-	-	-	104,328
Federal sources	-	16,913	-	-	-	202,620
Temporary loans	-	-	-	-	19,761	19,761
Other	-	-	-	-	-	1,534
<b>Total receipts</b>	<b>-</b>	<b>16,913</b>	<b>-</b>	<b>-</b>	<b>47,713</b>	<b>785,578</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	1,949	225	-	105,235
Support services	-	-	-	-	139,530	504,924
Noninstructional services	-	-	-	-	-	210,262
Facilities acquisition and construction	-	-	-	-	-	1,331
Nonprogrammed charges	-	-	-	-	-	19,430
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>1,949</b>	<b>225</b>	<b>139,530</b>	<b>841,182</b>
Excess (deficiency) of receipts over disbursements	-	16,913	(1,949)	(225)	(91,817)	(55,604)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	3,497
Transfers out	-	-	-	-	-	(15,063)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(11,566)</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	16,913	(1,949)	(225)	(91,817)	(67,170)
Cash and investments - beginning	245	16,913	2,086	9,053	91,869	333,727
Cash and investments - ending	\$ 245	\$ 33,826	\$ 137	\$ 8,828	\$ 52	\$ 266,557
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 245	\$ 33,826	\$ 137	\$ 8,828	\$ 52	\$ 266,557
<b>Cash and Investment Fund Balance - Ending</b>						
Unrestricted	\$ 245	\$ 33,826	\$ 137	\$ 8,828	\$ 52	\$ 266,557

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

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Education License Plate	School Safe Haven
<b>Receipts:</b>						
Local sources	\$ 307,259	\$ 2,663	\$ 59,427	\$ 34,581	\$ -	\$ -
State sources	-	23,417	62,436	17,179	-	1,000
Federal sources	-	-	119,263	-	-	-
Other	1,294	-	-	-	-	-
<b>Total receipts</b>	<b>308,553</b>	<b>26,080</b>	<b>241,126</b>	<b>51,760</b>	<b>-</b>	<b>1,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	-	-	-	-	-
Support services	284,305	-	-	68,629	-	1,000
Noninstructional services	-	-	228,276	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	18,822	-	-	-	-
<b>Total disbursements</b>	<b>284,305</b>	<b>18,822</b>	<b>228,276</b>	<b>68,629</b>	<b>-</b>	<b>1,000</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>24,248</b>	<b>7,258</b>	<b>12,850</b>	<b>(16,869)</b>	<b>-</b>	<b>-</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(40,000)	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(40,000)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(15,752)</b>	<b>7,258</b>	<b>12,850</b>	<b>(16,869)</b>	<b>-</b>	<b>-</b>
<b>Cash and investments - beginning</b>	<b>76,883</b>	<b>10,084</b>	<b>54,163</b>	<b>(15,474)</b>	<b>1,219</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 61,131</b>	<b>\$ 17,342</b>	<b>\$ 67,013</b>	<b>\$ (32,343)</b>	<b>\$ 1,219</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
<b>Cash and investments</b>	<b>\$ 61,131</b>	<b>\$ 17,342</b>	<b>\$ 67,013</b>	<b>\$ (32,343)</b>	<b>\$ 1,219</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Unrestricted</b>	<b>\$ 61,131</b>	<b>\$ 17,342</b>	<b>\$ 67,013</b>	<b>\$ (32,343)</b>	<b>\$ 1,219</b>	<b>\$ -</b>

ARGOS COMMUNITY SCHOOLS  
 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)

	Gifted and Talented 2006/2007	Tech Prep Staff Development	Project Lead The Way	Indiana Arts Commission	Non-English Speaking Program	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	28,009	-	11,073	-	2,099	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	9,711
<b>Total receipts</b>	<b>28,009</b>	<b>-</b>	<b>11,073</b>	<b>-</b>	<b>2,099</b>	<b>9,711</b>
Disbursements:						
Current:						
Instruction	18,270	345	3,463	-	2,720	1,093
Support services	-	-	-	-	-	1,068
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	354
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
<b>Total disbursements</b>	<b>18,270</b>	<b>345</b>	<b>3,463</b>	<b>-</b>	<b>2,720</b>	<b>2,515</b>
Excess (deficiency) of receipts over disbursements	9,739	(345)	7,610	-	(621)	7,196
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	9,739	(345)	7,610	-	(621)	7,196
Cash and investments - beginning	19,573	383	-	218	1,074	1,912
Cash and investments - ending	<u>\$ 29,312</u>	<u>\$ 38</u>	<u>\$ 7,610</u>	<u>\$ 218</u>	<u>\$ 453</u>	<u>\$ 9,108</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 29,312</u>	<u>\$ 38</u>	<u>\$ 7,610</u>	<u>\$ 218</u>	<u>\$ 453</u>	<u>\$ 9,108</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Unrestricted	<u>\$ 29,312</u>	<u>\$ 38</u>	<u>\$ 7,610</u>	<u>\$ 218</u>	<u>\$ 453</u>	<u>\$ 9,108</u>

ARGOS COMMUNITY SCHOOLS  
 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)

	Technology Plan Program	Performance Based Award	Access Indiana	TEI - Tech Prep	Title I 2007/2008
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	-	-	-	80,559
Other	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total receipts	-	-	-	-	80,559
<b>Disbursements:</b>					
Current:					
Instruction	-	152	-	132	70,397
Support services	46,710	-	2,495	-	192
Noninstructional services	-	-	-	-	70
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total disbursements	46,710	152	2,495	132	70,659
Excess (deficiency) of receipts over disbursements	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(46,710)	(152)	(2,495)	(132)	9,900
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	(46,710)	(152)	(2,495)	(132)	9,900
Cash and investments - beginning	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	47,875	610	2,500	132	14,109
Cash and investments - ending	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,165	\$ 458	\$ 5	\$ -	\$ 24,009
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,165	\$ 458	\$ 5	\$ -	\$ 24,009
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 1,165	\$ 458	\$ 5	\$ -	\$ 24,009

ARGOS COMMUNITY SCHOOLS  
 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)

	Chapter VI	Chapter V Part A	Career Education	Drug Free Schools 2006/2007	Marshall County Drug Free
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	1,452	2,884	2,597	-
Other	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>1,452</b>	<b>2,884</b>	<b>2,597</b>	<b>-</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	353	947
Support services	-	-	4,085	-	-
Noninstructional services	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>4,085</b>	<b>353</b>	<b>947</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>-</b>	<b>1,452</b>	<b>(1,201)</b>	<b>2,244</b>	<b>(947)</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	15
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>15</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>-</b>	<b>1,452</b>	<b>(1,201)</b>	<b>2,244</b>	<b>(932)</b>
Cash and investments - beginning	1,607	1,146	2,884	1,108	1,463
Cash and investments - ending	<u>\$ 1,607</u>	<u>\$ 2,598</u>	<u>\$ 1,683</u>	<u>\$ 3,352</u>	<u>\$ 531</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 1,607</u>	<u>\$ 2,598</u>	<u>\$ 1,683</u>	<u>\$ 3,352</u>	<u>\$ 531</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 1,607</u>	<u>\$ 2,598</u>	<u>\$ 1,683</u>	<u>\$ 3,352</u>	<u>\$ 531</u>

ARGOS COMMUNITY SCHOOLS  
 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)

	Tobacco Education	Improving Teacher Quality - NCLB	Title II Part D	Challenge Technology	ARRA Fiscal Stabilization
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-
Federal sources	-	68,771	-	-	341,370
Other	-	-	-	-	-
	<u>-</u>	<u>68,771</u>	<u>-</u>	<u>-</u>	<u>341,370</u>
<b>Total receipts</b>	<u>-</u>	<u>68,771</u>	<u>-</u>	<u>-</u>	<u>341,370</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	230	70,817	-	-	257,550
Support services	-	-	-	87	50,392
Noninstructional services	-	-	-	-	6,180
Facilities acquisition and construction	-	-	-	-	-
Debt services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	27,248
	<u>230</u>	<u>70,817</u>	<u>-</u>	<u>87</u>	<u>341,370</u>
<b>Total disbursements</b>	<u>230</u>	<u>70,817</u>	<u>-</u>	<u>87</u>	<u>341,370</u>
Excess (deficiency) of receipts over disbursements	<u>(230)</u>	<u>(2,046)</u>	<u>-</u>	<u>(87)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	(15)	-	-	-	-
	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(15)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(245)</u>	<u>(2,046)</u>	<u>-</u>	<u>(87)</u>	<u>-</u>
Cash and investments - beginning	<u>245</u>	<u>33,826</u>	<u>137</u>	<u>8,828</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 31,780</u>	<u>\$ 137</u>	<u>\$ 8,741</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ -</u>	<u>\$ 31,780</u>	<u>\$ 137</u>	<u>\$ 8,741</u>	<u>\$ -</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ -</u>	<u>\$ 31,780</u>	<u>\$ 137</u>	<u>\$ 8,741</u>	<u>\$ -</u>

ARGOS COMMUNITY SCHOOLS  
 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)

	ARRA Title I Stimulus	School Bus Replacement	Construction Fund	Reimbursements	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 52,336	\$ 18,302	\$ 2,176	\$ 476,744
State sources	-	-	-	-	145,213
Federal sources	8,920	-	-	-	625,816
Other	-	-	-	-	11,005
<b>Total receipts</b>	<u>8,920</u>	<u>52,336</u>	<u>18,302</u>	<u>2,176</u>	<u>1,258,778</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	426,469
Support services	-	-	-	-	458,963
Noninstructional services	-	-	-	-	234,526
Facilities acquisition and construction	-	-	18,294	-	18,648
Debt services	-	20,153	-	-	20,153
Nonprogrammed charges	-	-	-	409	46,479
<b>Total disbursements</b>	<u>-</u>	<u>20,153</u>	<u>18,294</u>	<u>409</u>	<u>1,205,238</u>
<b>Excess (deficiency) of receipts over disbursements</b>	<u>8,920</u>	<u>32,183</u>	<u>8</u>	<u>1,767</u>	<u>53,540</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	15
Transfers out	-	(12,000)	-	-	(52,015)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>	<u>(52,000)</u>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<u>8,920</u>	<u>20,183</u>	<u>8</u>	<u>1,767</u>	<u>1,540</u>
<b>Cash and investments - beginning</b>	<u>-</u>	<u>52</u>	<u>-</u>	<u>-</u>	<u>266,557</u>
<b>Cash and investments - ending</b>	<u>\$ 8,920</u>	<u>\$ 20,235</u>	<u>\$ 8</u>	<u>\$ 1,767</u>	<u>\$ 268,097</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	<u>\$ 8,920</u>	<u>\$ 20,235</u>	<u>\$ 8</u>	<u>\$ 1,767</u>	<u>\$ 268,097</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Unrestricted	<u>\$ 8,920</u>	<u>\$ 20,235</u>	<u>\$ 8</u>	<u>\$ 1,767</u>	<u>\$ 268,097</u>

ARGOS COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
AGENCY FUND  
For the Year Ended June 30, 2008

Additions:	
Agency fund additions	<u>\$ 1,081,319</u>
Deductions:	
Agency fund deductions	<u>1,088,229</u>
Deficiency of total additions over total deductions	(6,910)
Cash and investment fund balance - beginning	<u>32,414</u>
Cash and investment fund balance - ending	<u><u>\$ 25,504</u></u>

ARGOS COMMUNITY SCHOOLS  
COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS,  
AND CHANGES IN CASH AND INVESTMENT BALANCES  
AGENCY FUND  
For the Year Ended June 30, 2009

Additions:	
Agency fund additions	<u>\$ 1,010,564</u>
Deductions:	
Agency fund deductions	<u>1,009,829</u>
Excess of total additions over total deductions	735
Cash and investment fund balance - beginning	<u>25,504</u>
Cash and investment fund balance - ending	<u><u>\$ 26,239</u></u>

ARGOS COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2009

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>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land/Buildings	\$ 11,864,834
Improvements other than buildings	48,253
Machinery and equipment	<u>1,004,306</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 12,917,393</u></u>

ARGOS COMMUNITY SCHOOLS  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2009

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
Argos Community Schools Building Corporation 1998	\$ 3,975,000	\$ 755,500
Argos Community Schools Building Corporation 2006	1,450,000	181,770
Notes and loans payable:		
Common School Loan	6,250	6,438
Bonds payable:		
General obligation bonds:		
2004 Pension Bond	<u>445,000</u>	<u>46,224</u>
Total governmental activities debt	<u>\$ 5,876,250</u>	<u>\$ 989,932</u>

ARGOS COMMUNITY SCHOOLS  
AUDIT RESULT AND COMMENT

OVERDRAWN FUND BALANCES

The Textbook Rental Fund was overdrawn in fiscal years 2008 and 2009 by \$15,474 and \$32,344, respectively. A similar comment was in the prior Report B31961.

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

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE ARGOS COMMUNITY SCHOOLS, MARSHALL COUNTY, INDIANA

Compliance

We have audited the compliance of the Argos Community Schools (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, 2008 and 2009. 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, 2008 and 2009.

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

January 14, 2010

ARGOS COMMUNITY SCHOOLS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2008 and 2009

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 06-30-08	Total Federal Awards Expended 06-30-09
<b>U.S. DEPARTMENT OF AGRICULTURE</b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 7,294	\$ 10,943
National School Lunch Program	10.555		104,188	127,167
Total for federal grantor agency			111,482	138,110
<b>U.S. DEPARTMENT OF EDUCATION</b>				
Pass-Through Indiana Department of Education Title I-Grants to Local Educational Agencies	84.010			
		07-5470	1,000	-
		08-5470	74,888	-
		09-5470	-	70,660
Total for program			75,888	70,660
Pass-Through Indiana Department of Education Career and Technical Education - Basic Grants to States	84.048			
		09-4700-5470	-	4,085
Pass-Through Indiana Department of Education Safe and Drug Free Schools and Communities - State Grants	84.186			
		05-099	2,835	-
		5470-06	2,679	-
		07-5470	2,185	354
		2008-02	1,084	947
		2009	-	231
Total for program			8,783	1,532
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243			
		C1-8-PLTW-7-350	-	3,463
Pass-Through Indiana Department of Education Education Technology - State Grants	84.318			
		FY 05-07	225	87
Pass-Through Indiana Department of Education English Language Acquisition Grants	84.365			
		FY 08-09	1,949	-
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367			
		06-5470	-	2,046
		07-5470	-	34,347
		08-5470	-	34,424
Total for program			-	70,817
Pass-Through Indiana Department of Education ARRA - State Fiscal Stabilization Fund - Education State Grants, Recovery Act	84.394			
		10-5470	-	341,370
Total for federal grantor agency			84,671	76,277
Total federal awards expended			\$ 198,327	\$ 630,124

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

ARGOS COMMUNITY SCHOOLS  
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 Argos Community Schools (School Corporation) and is presented in accordance with the requirements of OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Accordingly, the amount of federal awards expended is based on when the activity related to the award occurs. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

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, 2008 and 2009. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2008	2009
Child Nutrition Cluster	10.555	\$ 14,159	\$ 18,847

ARGOS COMMUNITY SCHOOLS  
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:

CFDA Number	Name of Federal Program or Cluster
84.010	Title I - Grants to Local Educational Agencies
84.394	ARRA State Fiscal Stabilization Fund - Education State Grants Recovery Act

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.

ARGOS COMMUNITY SCHOOLS  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

ARGOS COMMUNITY SCHOOLS  
EXIT CONFERENCE

The contents of this report were discussed on January 14, 2010, with Dr. John Haste, President of the School Board; Damon Harrell, Board member; Dr. Jennifer Lucht, Superintendent of Schools; and Pamela Bishop, Treasurer.