

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

AUDIT REPORT

OF

BAUGO COMMUNITY SCHOOLS

ELKHART COUNTY, INDIANA

July 1, 2008 to June 30, 2010



FILED

02/18/2011

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Barbara Cloud	07-01-08 to 06-30-11
Superintendent of Schools	Jerry H. Cook James H. DuBois	07-01-08 to 12-31-08 01-01-09 to 06-30-12
President of the School Board	David A. Polston Edward Collins Brian Baughman	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

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

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

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

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

In accordance with Government Auditing Standards, we have also issued a report dated January 10, 2011, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

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

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

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

STATE BOARD OF ACCOUNTS

January 10, 2011



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ROOM E418
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Fax: (317) 232-4711
Web Site: www.in.gov/sboa

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 BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Baugo Community Schools (School Corporation), as of and for the years ended June 30, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 10, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

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

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

Compliance and Other Matters

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

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

STATE BOARD OF ACCOUNTS

January 10, 2011

BAUGO 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	\$ 7,873,807	\$ -	\$ 261,595	\$ (7,612,212)
Support services	5,603,129	397,068	415,333	(4,790,728)
Noninstructional services	847,119	-	-	(847,119)
Facilities acquisition and construction	1,330,232	-	-	(1,330,232)
Debt service	7,985,297	-	-	(7,985,297)
Nonprogrammed charges	671,431	-	-	(671,431)
Total governmental activities	<u>\$ 24,311,015</u>	<u>\$ 397,068</u>	<u>\$ 676,928</u>	<u>(23,237,019)</u>
General receipts:				
Property taxes				8,270,926
Other local sources				1,430,558
State aid				8,545,191
Bonds and loans				3,206,533
Grants and contributions not restricted to specific programs				1,633,263
Sale of property				4,500
Investment earnings				17,462
Other				31,831
Total general receipts				<u>23,140,264</u>
Change in net assets				(96,755)
Net assets - beginning				<u>1,822,794</u>
Net assets - ending				<u>\$ 1,726,039</u>
<u>Assets</u>				
Cash and investments				\$ 1,661,543
Restricted assets:				
Cash and investments				<u>64,496</u>
Total assets				<u>\$ 1,726,039</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 64,496
Unrestricted				<u>1,661,543</u>
Total net assets				<u>\$ 1,726,039</u>

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

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 8,013,163	\$ -	\$ 240,870	\$ (7,772,293)
Support services	5,353,644	391,075	479,852	(4,482,717)
Noninstructional services	925,724	-	-	(925,724)
Facilities acquisition and construction	954,445	-	-	(954,445)
Debt service	5,907,388	-	-	(5,907,388)
Nonprogrammed charges	<u>1,133,099</u>	<u>-</u>	<u>-</u>	<u>(1,133,099)</u>
Total governmental activities	<u>\$ 22,287,463</u>	<u>\$ 391,075</u>	<u>\$ 720,722</u>	<u>(21,175,666)</u>
General receipts:				
Property taxes				8,919,510
Other local sources				1,042,979
State aid				10,820,257
Bonds and loans				3,066,586
Grants and contributions not restricted to specific programs				1,386,994
Sale of property				2,341
Investment earnings				49,020
Other				<u>29,265</u>
Total general receipts				<u>25,316,952</u>
Change in net assets				4,141,286
Net assets - beginning				<u>1,726,039</u>
Net assets - ending				<u>\$ 5,867,325</u>
Assets				
Cash and investments				\$ 3,057,815
Restricted assets:				
Cash and investments				<u>2,809,510</u>
Total assets				<u>\$ 5,867,325</u>
Net Assets				
Restricted for:				
Debt service				\$ 2,809,510
Unrestricted				<u>3,057,815</u>
Total net assets				<u>\$ 5,867,325</u>

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

BAUGO 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	Transportation Operating	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 3,609,193	\$ 806,618	\$ 3,316,635	\$ 1,707,003	\$ 676,099	\$ 10,115,548
Intermediate sources	16	-	-	-	450	466
State sources	8,773,314	-	-	-	234,310	9,007,624
Federal sources	-	-	-	2,600	1,845,158	1,847,758
Temporary loans	775,491	656,774	-	1,700,963	73,305	3,206,533
Other	<u>17,952</u>	<u>-</u>	<u>-</u>	<u>598</u>	<u>13,281</u>	<u>31,831</u>
Total receipts	<u>13,175,966</u>	<u>1,463,392</u>	<u>3,316,635</u>	<u>3,411,164</u>	<u>2,842,603</u>	<u>24,209,760</u>
Disbursements:						
Current:						
Instruction	6,844,342	-	-	-	1,029,465	7,873,807
Support services	3,282,999	895,426	1,019	846,190	577,495	5,603,129
Noninstructional services	211,823	-	-	-	635,296	847,119
Facilities acquisition and construction	-	-	-	1,330,232	-	1,330,232
Debt services	2,426,815	540,883	3,658,787	1,257,438	101,374	7,985,297
Nonprogrammed charges	<u>360,912</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>310,519</u>	<u>671,431</u>
Total disbursements	<u>13,126,891</u>	<u>1,436,309</u>	<u>3,659,806</u>	<u>3,433,860</u>	<u>2,654,149</u>	<u>24,311,015</u>
Excess (deficiency) of receipts over disbursements	<u>49,075</u>	<u>27,083</u>	<u>(343,171)</u>	<u>(22,696)</u>	<u>188,454</u>	<u>(101,255)</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	4,500	4,500
Transfers in	-	-	-	-	18,014	18,014
Transfers out	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(18,014)</u>	<u>(18,014)</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,500</u>	<u>4,500</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>49,075</u>	<u>27,083</u>	<u>(343,171)</u>	<u>(22,696)</u>	<u>192,954</u>	<u>(96,755)</u>
Cash and investments - beginning	<u>623,935</u>	<u>177,202</u>	<u>405,971</u>	<u>199,881</u>	<u>415,805</u>	<u>1,822,794</u>
Cash and investments - ending	<u>\$ 673,010</u>	<u>\$ 204,285</u>	<u>\$ 62,800</u>	<u>\$ 177,185</u>	<u>\$ 608,759</u>	<u>\$ 1,726,039</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 673,010	\$ 204,285	\$ -	\$ 177,185	\$ 607,063	\$ 1,661,543
Restricted assets:						
Cash and investments	<u>-</u>	<u>-</u>	<u>62,800</u>	<u>-</u>	<u>1,696</u>	<u>64,496</u>
Total cash and investment assets - ending	<u>\$ 673,010</u>	<u>\$ 204,285</u>	<u>\$ 62,800</u>	<u>\$ 177,185</u>	<u>\$ 608,759</u>	<u>\$ 1,726,039</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 62,800	\$ -	\$ 1,696	\$ 64,496
Unrestricted	<u>673,010</u>	<u>204,285</u>	<u>-</u>	<u>177,185</u>	<u>607,063</u>	<u>1,661,543</u>
Total cash and investment fund balance - ending	<u>\$ 673,010</u>	<u>\$ 204,285</u>	<u>\$ 62,800</u>	<u>\$ 177,185</u>	<u>\$ 608,759</u>	<u>\$ 1,726,039</u>

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

BAUGO 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, 2010

	General	Transportation Operating	Debt Service	Capital Projects	Other	Totals
Receipts:						
Local sources	\$ 184,628	\$ 1,343,072	\$ 5,139,982	\$ 2,600,041	\$ 1,134,611	\$ 10,402,334
Intermediate sources	25	-	-	-	225	250
State sources	11,032,994	-	-	-	126,624	11,159,618
Federal sources	100	-	-	-	1,768,255	1,768,355
Temporary loans	-	519,581	789,754	912,684	148,485	2,370,504
Other	15,591	-	-	1,487	12,187	29,265
Total receipts	<u>11,233,338</u>	<u>1,862,653</u>	<u>5,929,736</u>	<u>3,514,212</u>	<u>3,190,387</u>	<u>25,730,326</u>
Disbursements:						
Current:						
Instruction	6,900,536	-	-	-	1,112,627	8,013,163
Support services	3,490,308	922,949	-	593,309	347,078	5,353,644
Noninstructional services	239,043	-	-	-	686,681	925,724
Facilities acquisition and construction	-	-	-	471,251	483,194	954,445
Debt services	-	815,566	3,248,544	1,411,853	431,425	5,907,388
Nonprogrammed charges	955,867	-	-	-	177,232	1,133,099
Total disbursements	<u>11,585,754</u>	<u>1,738,515</u>	<u>3,248,544</u>	<u>2,476,413</u>	<u>3,238,237</u>	<u>22,287,463</u>
Excess (deficiency) of receipts over disbursements	<u>(352,416)</u>	<u>124,138</u>	<u>2,681,192</u>	<u>1,037,799</u>	<u>(47,850)</u>	<u>3,442,863</u>
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	696,082	696,082
Sale of capital assets	-	-	-	206	2,135	2,341
Transfers in	11,063	-	-	-	4,055	15,118
Transfers out	-	-	-	-	(15,118)	(15,118)
Total other financing sources (uses)	<u>11,063</u>	<u>-</u>	<u>-</u>	<u>206</u>	<u>687,154</u>	<u>698,423</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(341,353)</u>	<u>124,138</u>	<u>2,681,192</u>	<u>1,038,005</u>	<u>639,304</u>	<u>4,141,286</u>
Cash and investments - beginning	<u>673,010</u>	<u>204,285</u>	<u>62,800</u>	<u>177,185</u>	<u>608,759</u>	<u>1,726,039</u>
Cash and investments - ending	<u>\$ 331,657</u>	<u>\$ 328,423</u>	<u>\$ 2,743,992</u>	<u>\$ 1,215,190</u>	<u>\$ 1,248,063</u>	<u>\$ 5,867,325</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 331,657	\$ 328,423	\$ -	\$ 1,215,190	\$ 1,182,545	\$ 3,057,815
Restricted assets:						
Cash and investments	-	-	2,743,992	-	65,518	2,809,510
Total cash and investment assets - ending	<u>\$ 331,657</u>	<u>\$ 328,423</u>	<u>\$ 2,743,992</u>	<u>\$ 1,215,190</u>	<u>\$ 1,248,063</u>	<u>\$ 5,867,325</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 2,743,992	\$ -	\$ 65,518	\$ 2,809,510
Unrestricted	331,657	328,423	-	1,215,190	1,182,545	3,057,815
Total cash and investment fund balance - ending	<u>\$ 331,657</u>	<u>\$ 328,423</u>	<u>\$ 2,743,992</u>	<u>\$ 1,215,190</u>	<u>\$ 1,248,063</u>	<u>\$ 5,867,325</u>

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

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

	<u>Pension Trust Fund (Retirement/ Severance Bond)</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Fund</u>
Additions:			
Contributions:			
Other	\$ -	\$ 3,300	
Investment earnings:			
Interest	-	48	
Total additions	-	3,348	
Deductions:			
Benefits	152,460	-	
Administrative and general	-	10,225	
Total deductions	152,460	10,225	
Deficiency of total additions over total deductions	(152,460)	(6,877)	
Cash and investment fund balance - beginning	203,948	20,776	
Cash and investment fund balance - ending	<u>\$ 51,488</u>	<u>\$ 13,899</u>	<u>\$ 120,147</u>
Net assets:			
Cash and investments	<u>\$ 51,488</u>	<u>\$ 13,899</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 51,488</u>	<u>\$ 13,899</u>	

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

BAUGO COMMUNITY SCHOOLS
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2010

	Pension Trust Fund (Retirement/ Severance Bond)	Private-Purpose Trust Funds	Agency Fund
Additions:			
Contributions:			
Other	\$ -	\$ 750	
Deductions:			
Administrative and general	-	900	
Deficiency of total additions over total deductions	-	(150)	
Cash and investment fund balance - beginning	51,488	13,899	
Cash and investment fund balance - ending	\$ 51,488	\$ 13,749	\$ 34,997
Net assets:			
Cash and investments	\$ 51,488	\$ 13,749	
Total net assets - cash and investment basis held in trust	\$ 51,488	\$ 13,749	

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

BAUGO 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: Baugo 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 in a joint venture to operate Head Start Consortium which was created to develop, operate, participate, and supervise a Head Start Program to serve the preschool student populations of the participating corporations. The Head Start Consortium's continued existence depends on continued funding by the School Corporation. Participating school corporations are required to provide 'in-kind' services (transportation and classroom, gymnasium and playground space) to meet the grant requirements. No fees are assessed the School Corporation for the operation of this program. The School Corporation may be obligated for the debts of the Consortium should they not be covered by the grant. Complete financial statements for the Head Start Consortium can be obtained from South Bend Community School Corporation at 215 South St. Joseph Street, South Bend, IN 46601.

Baugo Community Schools is a member of the Elkhart County Special Education Cooperative (ECSEC), a joint venture with five other Elkhart County Public School Corporations. The ECSEC was formed for the purpose of providing services to handicapped students of the six school corporations in the most efficient manner possible (Special Education Program). Baugo Community Schools also is a member of the Elkhart County Education Interlocal, a joint venture with four of the same five Elkhart County Public School Corporations as the ECSEC. The Interlocal provides programs for students who have difficulty learning in a traditional setting (Alternative School Program). The operations of the Interlocal are managed by the superintendents of each school (Board of Directors), a Treasurer and Assistant Treasurer. The ECSEC and the Alternative School Program are administered by Goshen Community Schools. Funding for the operations of the Interlocal shall include grants and/or charges to the participating members. The joint ventures' continued existence depends on continued funding by the School Corporation. Complete financial statements for the joint ventures can be obtained from the administrative offices of Goshen Community Schools at 613 E. Purl Street, Goshen, Indiana, 46526.

The School Corporation is a participant in a joint venture to operate Northern Indiana Educational Service Center (NIESC) which was created to allow participating schools to cooperate and share certain programs and services, which collectively they may implement. The School Corporation

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

is obligated by contract to remit annually a share based on ADM to supplement the NIESC. The Northern Indiana Educational Service Center (NIESC)'s continued existence depends on continued funding by the School Corporation. Complete financial statements for the Northern Indiana Educational Service Center (NIESC) can be obtained from the administrative offices at 56535 Magnetic Drive, Mishawaka, IN 46545.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets – Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. At this time, the School Corporation has not established any business-type activities.

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

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

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

Additionally, the School Corporation reports the following fund types:

The pension trust fund accounts for the activities of the retirement/severance fund, which accumulates resources for the retiree severance program.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The private-purpose trust funds report trust arrangements under which principal and income benefit various individuals.

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

C. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Property Taxes

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

4. Capital Assets

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

5. Long-Term Debt

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

6. Equity Classification

Government-Wide Statements

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

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

Fund Financial Statements

Governmental fund equity is classified as fund balance.

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. Internally dedicated resources are reported as general receipts rather than as program receipts. Likewise, general receipts include all taxes.

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

F. Internal and Interfund Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

G. Rounding Differences

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

II. Stewardship, Compliance and Accountability

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

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

B. Cash Balance Deficit

At June 30, 2009, the following fund reported a deficit in cash, which is a violation of the Uniform Compliance Guidelines as authorized by state statute:

Fund	2009
Bus Replacement	\$ <u>110,644</u>

The cash and investment deficit arose primarily from disbursements exceeding receipts due to delays in billing property taxes by the county.

III. Detailed Notes on All Funds

A. Deposits and Investments

Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. IC 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. The School Corporation's deposit policy for custodial credit risk is to comply with the statutes governing deposits. At June 30, 2010, the School Corporation had deposit balances in the amount of \$6,657,085.

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

B. Interfund Transfers

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

Transfer From	Transfer To	2009	2010
Other Governmental Funds	General Fund	\$ -	\$ 11,063
Other Governmental Funds	Other Governmental Funds	<u>18,014</u>	<u>4,055</u>
Totals		<u>\$ 18,014</u>	<u>\$ 15,118</u>

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

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund. Short-term debt activity for the years ended June 30, 2009 and June 30, 2010, was as follows:

<u>Fiscal Year 2008-2009</u>	<u>Beginning Balance</u>	<u>Issued/ Draws</u>	<u>Redeemed Repayments</u>	<u>Ending Balance</u>
General	\$ 1,651,324	\$ 775,491	\$ 2,426,815	\$ -
Transportation Operating	481,953	656,774	540,883	597,844
Capital Projects	613,163	1,700,963	1,257,438	1,056,688
Other Governmental	<u>58,604</u>	<u>73,305</u>	<u>62,611</u>	<u>69,298</u>
Totals	<u>\$ 2,805,044</u>	<u>\$ 3,206,533</u>	<u>\$ 4,287,747</u>	<u>\$ 1,723,830</u>
 <u>Fiscal Year 2009-2010</u>				
Transportation Operating	\$ 597,844	\$ 519,760	\$ 815,566	\$ 302,038
Debt Service	-	790,027	-	790,027
Capital Projects	1,056,688	912,181	1,411,853	557,016
Other Governmental	<u>69,298</u>	<u>148,536</u>	<u>143,566</u>	<u>74,268</u>
Totals	<u>\$ 1,723,830</u>	<u>\$ 2,370,504</u>	<u>\$ 2,370,985</u>	<u>\$ 1,723,349</u>

IV. Other Information

A. Risk Management

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

The risks of medical benefits to employees, retirees, and dependents; are covered by commercial insurance from independent third parties.

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

During 2008, the School Corporation joined with other governmental entities in the Educational Service Centers Risk Funding Trust (ESCRFT), a public entity risk pool currently operating as a common risk management and insurance program for 28 member governmental entities. This risk pool was formed in 2007. The purpose of the risk pool is to provide a medium for the funding and administration of the risk of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters. The School Corporation pays an annual premium to the risk pool for the risk of torts; theft of, damage to, and

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$100,000,000 per insured event.

Effective January 1, 2011, the School Corporation plans to change risk coverage as follows: medical benefit risks will be self-insured and all other risks will be covered by commercial insurance from independent third parties.

B. Holding Corporations

The School Corporation entered into a capital lease with Multi-School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2009, and June 30, 2010 totaled \$1,325,073, and \$665,005 respectively. The final payments for this lease were made prior to June 30, 2010.

The School Corporation entered into a capital lease with Baugo School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the years ended June 30, 2009, and June 30, 2010 totaled \$1,944,000 and \$2,489,500, respectively.

C. Termination Benefits

The School Corporation offered severance benefits as follows: a one-time contribution to employees' VEBA accounts of \$16,000 for certified staff retiring at the end of the 2009-2010 school. Eight employees accepted the offer at a total cost of \$128,000 (payable on August 31, 2010).

D. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

Funding Policy

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation for periods ending June 30, 2009 and 2010 were \$134,756 and \$141,753, respectively.

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy

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

BAUGO COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The School Corporation's contributions to the plan for periods ending June 30, 2009 and 2010, were \$221,013 and \$219,065, respectively.

BAUGO 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

	Special Ed/ Preschool	Rainy Day	Cafeteria	Textbook Rental	Levy Excess	Education License Plate	School Safe Haven
Receipts:							
Local sources	\$ 11,408	\$ 15,842	\$ 335,044	\$ 105,876	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	450	-
State sources	49,458	-	10,269	56,323	-	-	-
Federal sources	-	-	348,741	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other	-	-	13,281	-	-	-	-
Total receipts	60,866	15,842	707,335	162,199	-	450	-
Disbursements:							
Current:							
Instruction	-	-	-	-	-	-	-
Support services	-	871	9,133	174,313	-	-	-
Noninstructional services	-	-	607,736	-	-	-	-
Debt services	-	-	-	-	-	-	-
Nonprogrammed charges	70,988	-	-	-	-	-	-
Total disbursements	70,988	871	616,869	174,313	-	-	-
Excess (deficiency) of receipts over disbursements	(10,122)	14,971	90,466	(12,114)	-	450	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,122)	14,971	90,466	(12,114)	-	450	-
Cash and investments - beginning	68,296	156,507	19,541	70,598	157,354	3,595	1
Cash and investments - ending	\$ 58,174	\$ 171,478	\$ 110,007	\$ 58,484	\$ 157,354	\$ 4,045	\$ 1
Cash and Investment Assets - Ending							
Cash and investments	\$ 58,174	\$ 171,478	\$ 110,007	\$ 58,484	\$ 157,354	\$ 4,045	\$ 1
Restricted assets:							
Cash and investments	-	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 58,174	\$ 171,478	\$ 110,007	\$ 58,484	\$ 157,354	\$ 4,045	\$ 1
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	58,174	171,478	110,007	58,484	157,354	4,045	1
Total cash and investment fund balance - ending	\$ 58,174	\$ 171,478	\$ 110,007	\$ 58,484	\$ 157,354	\$ 4,045	\$ 1

BAUGO 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	High Ability Grant 2008-09	Technical Assistance Grant	Technical Assistance Agreement	Medicaid Reimbursement- State	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	33,472	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	33,472	-	-	-	-
Disbursements:						
Current:						
Instruction	54	30,893	-	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	54	30,893	-	-	-	-
Excess (deficiency) of receipts over disbursements	(54)	2,579	-	-	-	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	17,514	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	17,514	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(54)	2,579	-	17,514	-	-
Cash and investments - beginning	54	-	19,000	-	5,960	3,474
Cash and investments - ending	\$ -	\$ 2,579	\$ 19,000	\$ 17,514	\$ 5,960	\$ 3,474
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ 2,579	\$ 19,000	\$ 17,514	\$ 5,960	\$ 3,474
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 2,579	\$ 19,000	\$ 17,514	\$ 5,960	\$ 3,474
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,579	19,000	17,514	5,960	3,474
Total cash and investment fund balance - ending	\$ -	\$ 2,579	\$ 19,000	\$ 17,514	\$ 5,960	\$ 3,474

BAUGO 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)

	Non-English Speaking Program	Technology Grant	Technology Plan Grant	Performance Based Awards	Economic Grant	Netday Grant
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	84,788	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	<u>-</u>	<u>-</u>	<u>84,788</u>	<u>-</u>	<u>-</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	-	-	9,166	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>9,166</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>75,622</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	500
Transfers out	-	(17,514)	-	-	(500)	-
Total other financing sources (uses)	<u>-</u>	<u>(17,514)</u>	<u>-</u>	<u>-</u>	<u>(500)</u>	<u>500</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>(17,514)</u>	<u>75,622</u>	<u>-</u>	<u>(500)</u>	<u>500</u>
Cash and investments - beginning	<u>2,000</u>	<u>17,514</u>	<u>-</u>	<u>4,486</u>	<u>500</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 75,622</u>	<u>\$ 4,486</u>	<u>\$ -</u>	<u>\$ 500</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 2,000	\$ -	\$ 75,622	\$ 4,486	\$ -	\$ 500
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 75,622</u>	<u>\$ 4,486</u>	<u>\$ -</u>	<u>\$ 500</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>2,000</u>	<u>-</u>	<u>75,622</u>	<u>4,486</u>	<u>-</u>	<u>500</u>
Total cash and investment fund balance - ending	<u>\$ 2,000</u>	<u>\$ -</u>	<u>\$ 75,622</u>	<u>\$ 4,486</u>	<u>\$ -</u>	<u>\$ 500</u>

BAUGO 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)

	Title I PL 107-110 IASA	Title I 2008-09	Title V SY 2006-2007	Title V Part A	Title V Part A S/Y 2005-06	PL 101-476 IDEA 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	5,000	159,500	700	2,829	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	5,000	159,500	700	2,829	-	-
Disbursements:						
Current:						
Instruction	-	132,125	-	-	-	-
Support services	-	-	2,869	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	132,125	2,869	-	-	-
Excess (deficiency) of receipts over disbursements	5,000	27,375	(2,169)	2,829	-	-
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	5,000	27,375	(2,169)	2,829	-	-
Cash and investments - beginning	(3,017)	-	2,169	-	(3,121)	6,910
Cash and investments - ending	\$ 1,983	\$ 27,375	\$ -	\$ 2,829	\$ (3,121)	\$ 6,910
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,983	\$ 27,375	\$ -	\$ 2,829	\$ (3,121)	\$ 6,910
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1,983	\$ 27,375	\$ -	\$ 2,829	\$ (3,121)	\$ 6,910
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,983	27,375	-	2,829	(3,121)	6,910
Total cash and investment fund balance - ending	\$ 1,983	\$ 27,375	\$ -	\$ 2,829	\$ (3,121)	\$ 6,910

BAUGO 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)

	PL 101-476 IDEA	PL Grant Special Ed (Goshen)	Special Education 2008-09	Drug Free Schools	Carl Perkins	Carl Perkins Grant 2008-09
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	58,915	248,280	4,143	4,300	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	58,915	248,280	4,143	4,300	-
Disbursements:						
Current:						
Instruction	-	16,288	274,606	-	-	4,300
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	16,288	274,606	-	-	4,300
Excess (deficiency) of receipts over disbursements	-	42,627	(26,326)	4,143	4,300	(4,300)
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	42,627	(26,326)	4,143	4,300	(4,300)
Cash and investments - beginning	11,912	(48,439)	-	6,242	-	-
Cash and investments - ending	\$ 11,912	\$ (5,812)	\$ (26,326)	\$ 10,385	\$ 4,300	\$ (4,300)
Cash and Investment Assets - Ending						
Cash and investments	\$ 11,912	\$ (5,812)	\$ (26,326)	\$ 10,385	\$ 4,300	\$ (4,300)
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 11,912	\$ (5,812)	\$ (26,326)	\$ 10,385	\$ 4,300	\$ (4,300)
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	11,912	(5,812)	(26,326)	10,385	4,300	(4,300)
Total cash and investment fund balance - ending	\$ 11,912	\$ (5,812)	\$ (26,326)	\$ 10,385	\$ 4,300	\$ (4,300)

BAUGO 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)

	Medicaid Reimbursement Federal	Title II IMP State	Fiscal Stabilization	Retirement/ Severance Bond	Bus Replacement	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ 116,804	\$ 91,125	\$ 676,099
Intermediate sources	-	-	-	-	-	450
State sources	-	-	-	-	-	234,310
Federal sources	-	57,234	955,516	-	-	1,845,158
Temporary loans	-	-	-	-	73,305	73,305
Other	-	-	-	-	-	13,281
Total receipts	-	57,234	955,516	116,804	164,430	2,842,603
Disbursements:						
Current:						
Instruction	-	66,410	495,623	-	-	1,029,465
Support services	-	-	192,802	-	197,507	577,495
Noninstructional services	-	-	27,560	-	-	635,296
Debt services	-	-	-	38,763	62,611	101,374
Nonprogrammed charges	-	-	239,531	-	-	310,519
Total disbursements	-	66,410	955,516	38,763	260,118	2,654,149
Excess (deficiency) of receipts over disbursements	-	(9,176)	-	78,041	(95,688)	188,454
Other financing sources (uses):						
Sale of capital assets	-	-	-	-	4,500	4,500
Transfers in	-	-	-	-	-	18,014
Transfers out	-	-	-	-	-	(18,014)
Total other financing sources (uses)	-	-	-	-	4,500	4,500
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(9,176)	-	78,041	(91,188)	192,954
Cash and investments - beginning	11,188	(1,118)	-	(76,345)	(19,456)	415,805
Cash and investments - ending	<u>\$ 11,188</u>	<u>\$ (10,294)</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ (110,644)</u>	<u>\$ 608,759</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 11,188	\$ (10,294)	\$ -	\$ -	\$ (110,644)	\$ 607,063
Restricted assets:						
Cash and investments	-	-	-	1,696	-	1,696
Total cash and investment assets - ending	<u>\$ 11,188</u>	<u>\$ (10,294)</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ (110,644)</u>	<u>\$ 608,759</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 1,696	\$ -	\$ 1,696
Unrestricted	11,188	(10,294)	-	-	(110,644)	607,063
Total cash and investment fund balance - ending	<u>\$ 11,188</u>	<u>\$ (10,294)</u>	<u>\$ -</u>	<u>\$ 1,696</u>	<u>\$ (110,644)</u>	<u>\$ 608,759</u>

BAUGO 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, 2010

	Special Ed/ Preschool	Rainy Day	Cafeteria	Textbook Rental	Levy Excess	Education License Plate
Receipts:						
Local sources	\$ -	\$ -	\$ 326,851	\$ 122,067	\$ -	\$ -
Intermediate sources	-	-	-	-	-	225
State sources	23,375	-	9,340	60,449	-	-
Federal sources	-	-	404,736	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	6,450	5,737	-	-	-
Total receipts	23,375	6,450	746,664	182,516	-	225
Disbursements:						
Current:						
Instruction	-	-	-	-	-	-
Support services	-	-	14,434	130,049	-	-
Noninstructional services	-	-	669,857	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	70,486	-	-	-	-	-
Total disbursements	70,486	-	684,291	130,049	-	-
Excess (deficiency) of receipts over disbursements	(47,111)	6,450	62,373	52,467	-	225
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	2,135	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(11,063)	-	-	-	-	-
Total other financing sources (uses)	(11,063)	-	2,135	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(58,174)	6,450	64,508	52,467	-	225
Cash and investments - beginning	58,174	171,478	110,007	58,484	157,354	4,045
Cash and investments - ending	\$ -	\$ 177,928	\$ 174,515	\$ 110,951	\$ 157,354	\$ 4,270
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 177,928	\$ 174,515	\$ 110,951	\$ 157,354	\$ 4,270
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 177,928	\$ 174,515	\$ 110,951	\$ 157,354	\$ 4,270
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	177,928	174,515	110,951	157,354	4,270
Total cash and investment fund balance - ending	\$ -	\$ 177,928	\$ 174,515	\$ 110,951	\$ 157,354	\$ 4,270

BAUGO 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, 2010
 (Continued)

	School Safe Haven	High Ability Grant 2008-09	High Ability Grant 2008-09	Technical Assistance Grant	Technical Assistance Agreement	Medicaid Reimbursement - State
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	33,460	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	33,460	-	-	-
Disbursements:						
Current:						
Instruction	-	2,579	17,545	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	2,579	17,545	-	-	-
Excess (deficiency) of receipts over disbursements	-	(2,579)	15,915	-	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(2,579)	15,915	-	-	-
Cash and investments - beginning	1	2,579	-	19,000	17,514	5,960
Cash and investments - ending	\$ 1	\$ -	\$ 15,915	\$ 19,000	\$ 17,514	\$ 5,960
Cash and Investment Assets - Ending						
Cash and investments	\$ 1	\$ -	\$ 15,915	\$ 19,000	\$ 17,514	\$ 5,960
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 1	\$ -	\$ 15,915	\$ 19,000	\$ 17,514	\$ 5,960
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1	-	15,915	19,000	17,514	5,960
Total cash and investment fund balance - ending	\$ 1	\$ -	\$ 15,915	\$ 19,000	\$ 17,514	\$ 5,960

BAUGO 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, 2010
 (Continued)

	School Technology	Non-English Speaking Program	Technology Plan Grant	Performance Based Awards	Netday Grant	Title I PL 107-110 IASA
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	-	-	-	-
Disbursements:						
Current:						
Instruction	-	-	50,732	-	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	50,732	-	-	-
Excess (deficiency) of receipts over disbursements	-	-	(50,732)	-	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	(1,983)
Total other financing sources (uses)	-	-	-	-	-	(1,983)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(50,732)	-	-	(1,983)
Cash and investments - beginning	3,474	2,000	75,622	4,486	500	1,983
Cash and investments - ending	\$ 3,474	\$ 2,000	\$ 24,890	\$ 4,486	\$ 500	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 3,474	\$ 2,000	\$ 24,890	\$ 4,486	\$ 500	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 3,474	\$ 2,000	\$ 24,890	\$ 4,486	\$ 500	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,474	2,000	24,890	4,486	500	-
Total cash and investment fund balance - ending	\$ 3,474	\$ 2,000	\$ 24,890	\$ 4,486	\$ 500	\$ -

BAUGO 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, 2010
 (Continued)

	Title I 2008-09	Title I 2009-10	2007-08 Title V Part A	2008-09 Title V Part A	Title V Part A S/Y 2005-06	PL 101-476 IDEA 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	168,915	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	168,915	-	-	-	-
Disbursements:						
Current:						
Instruction	29,358	108,805	-	-	-	-
Support services	-	8,372	-	2,072	-	-
Noninstructional services	-	16,824	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	29,358	134,001	-	2,072	-	-
Excess (deficiency) of receipts over disbursements	(29,358)	34,914	-	(2,072)	-	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	1,983	-	-	2,072	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	1,983	-	-	2,072	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(27,375)	34,914	-	-	-	-
Cash and investments - beginning	27,375	-	2,829	-	(3,121)	6,910
Cash and investments - ending	\$ -	\$ 34,914	\$ 2,829	\$ -	\$ (3,121)	\$ 6,910
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ 34,914	\$ 2,829	\$ -	\$ (3,121)	\$ 6,910
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ 34,914	\$ 2,829	\$ -	\$ (3,121)	\$ 6,910
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	34,914	2,829	-	(3,121)	6,910
Total cash and investment fund balance - ending	\$ -	\$ 34,914	\$ 2,829	\$ -	\$ (3,121)	\$ 6,910

BAUGO 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, 2010
 (Continued)

	PL 101-476 IDEA	PL Grant Special Ed (Goshen)	Special Education 2008-09	Special Education 2009-10	Drug Free Schools	Carl Perkins
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	57,295	279,100	-	(4,300)
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	-	-	57,295	279,100	-	(4,300)
Disbursements:						
Current:						
Instruction	-	-	30,969	285,664	-	-
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Total disbursements	-	-	30,969	285,664	-	-
Excess (deficiency) of receipts over disbursements	-	-	26,326	(6,564)	-	(4,300)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(2,072)	-
Total other financing sources (uses)	-	-	-	-	(2,072)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	26,326	(6,564)	(2,072)	(4,300)
Cash and investments - beginning	11,912	(5,812)	(26,326)	-	10,385	4,300
Cash and investments - ending	\$ 11,912	\$ (5,812)	\$ -	\$ (6,564)	\$ 8,313	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ 11,912	\$ (5,812)	\$ -	\$ (6,564)	\$ 8,313	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 11,912	\$ (5,812)	\$ -	\$ (6,564)	\$ 8,313	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	11,912	(5,812)	-	(6,564)	8,313	-
Total cash and investment fund balance - ending	\$ 11,912	\$ (5,812)	\$ -	\$ (6,564)	\$ 8,313	\$ -

BAUGO 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, 2010
 (Continued)

	Carl Perkins Grant 2008-09	Carl Perkins Grant 2009-10	Medicaid Reimbursement Federal	Title II IMP State	Title II Part A 2008-09	Fiscal Stabilization
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	4,300	3,000	-	12,351	46,148	401,455
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
Total receipts	4,300	3,000	-	12,351	46,148	401,455
Disbursements:						
Current:						
Instruction	-	3,000	-	1,830	46,856	149,939
Support services	-	-	-	-	-	144,770
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	106,746
Total disbursements	-	3,000	-	1,830	46,856	401,455
Excess (deficiency) of receipts over disbursements	4,300	-	-	10,521	(708)	-
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	4,300	-	-	10,521	(708)	-
Cash and investments - beginning	(4,300)	-	11,188	(10,294)	-	-
Cash and investments - ending	\$ -	\$ -	\$ 11,188	\$ 227	\$ (708)	\$ -
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 11,188	\$ 227	\$ (708)	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 11,188	\$ 227	\$ (708)	\$ -
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	11,188	227	(708)	-
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 11,188	\$ 227	\$ (708)	\$ -

BAUGO 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, 2010
 (Continued)

	Title I School Improvement	Special Ed Stimulus Part B	Retirement/ Severance Bond	Bus Replacement	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ 351,681	\$ 334,012	\$ -	\$ 1,134,611
Intermediate sources	-	-	-	-	-	225
State sources	-	-	-	-	-	126,624
Federal sources	85,827	309,428	-	-	-	1,768,255
Temporary loans	-	-	-	148,485	-	148,485
Other	-	-	-	-	-	12,187
Total receipts	85,827	309,428	351,681	482,497	-	3,190,387
Disbursements:						
Current:						
Instruction	78,380	306,970	-	-	-	1,112,627
Support services	-	-	-	20,635	26,746	347,078
Noninstructional services	-	-	-	-	-	686,681
Facilities acquisition and construction	-	-	-	-	483,194	483,194
Debt services	-	-	287,859	143,566	-	431,425
Nonprogrammed charges	-	-	-	-	-	177,232
Total disbursements	78,380	306,970	287,859	164,201	509,940	3,238,237
Excess (deficiency) of receipts over disbursements	7,447	2,458	63,822	318,296	(509,940)	(47,850)
Other financing sources (uses):						
Proceeds of long-term debt	-	-	-	-	696,082	696,082
Sale of capital assets	-	-	-	-	-	2,135
Transfers in	-	-	-	-	-	4,055
Transfers out	-	-	-	-	-	(15,118)
Total other financing sources (uses)	-	-	-	-	696,082	687,154
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	7,447	2,458	63,822	318,296	186,142	639,304
Cash and investments - beginning	-	-	1,696	(110,644)	-	608,759
Cash and investments - ending	\$ 7,447	\$ 2,458	\$ 65,518	\$ 207,652	\$ 186,142	\$ 1,248,063
Cash and Investment Assets - Ending						
Cash and investments	\$ 7,447	\$ 2,458	\$ -	\$ 207,652	\$ 186,142	\$ 1,182,545
Restricted assets:						
Cash and investments	-	-	65,518	-	-	65,518
Total cash and investment assets - ending	\$ 7,447	\$ 2,458	\$ 65,518	\$ 207,652	\$ 186,142	\$ 1,248,063
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ 65,518	\$ -	\$ -	\$ 65,518
Unrestricted	7,447	2,458	-	207,652	186,142	1,182,545
Total cash and investment fund balance - ending	\$ 7,447	\$ 2,458	\$ 65,518	\$ 207,652	\$ 186,142	\$ 1,248,063

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

	<u>Donation</u>	<u>Coach Srirvin Memorial</u>	<u>Food Service Scholarship</u>	<u>Food Service Scholarship</u>	<u>Business Scholarship</u>	<u>Hilyard Family</u>
Additions:						
Contributions:						
Other	\$ -	\$ -	\$ 200	\$ -	\$ 500	\$ 2,600
Investment earnings:						
Interest	<u>-</u>	<u>-</u>	<u>48</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total additions	<u>-</u>	<u>-</u>	<u>248</u>	<u>-</u>	<u>500</u>	<u>2,600</u>
Deductions:						
Administrative and general	<u>-</u>	<u>-</u>	<u>248</u>	<u>8,477</u>	<u>500</u>	<u>1,000</u>
Excess (deficiency) of total additions over total deductions	-	-	-	(8,477)	-	1,600
Cash and investment fund balance - beginning	<u>10,000</u>	<u>105</u>	<u>-</u>	<u>8,477</u>	<u>300</u>	<u>1,300</u>
Cash and investments - June 30	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,900</u>
Net assets:						
Cash and investments	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,900</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 300</u>	<u>\$ 2,900</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2009
 (Continued)

	Evelyn Fawley Memorial	JHS Service Scholarship	TCU Membership	Donation- Harold Zeigler Ford	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 3,300
Investment earnings:					
Interest	-	-	-	-	48
Total additions	-	-	-	-	3,348
Deductions:					
Administrative and general	-	-	-	-	10,225
Excess (deficiency) of total additions over total deductions	-	-	-	-	(6,877)
Cash and investment fund balance - beginning	17	72	5	500	20,776
Cash and investments - June 30	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,899</u>
Net assets:					
Cash and investments	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,899</u>
Total net assets - cash and investment basis held in trust	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,899</u>

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

	<u>Donation</u>	<u>Coach Srirvin Memorial</u>	<u>Food Service Scholarship</u>	<u>Business Scholarship</u>	<u>Hilyard Family</u>
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ 750	\$ -	\$ -
Deductions:					
Administrative and general	-	-	-	-	900
Excess (deficiency) of total additions over total deductions	-	-	750	-	(900)
Cash and investment fund balance - beginning	10,000	105	-	300	2,900
Cash and investments - June 30	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ 750</u>	<u>\$ 300</u>	<u>\$ 2,000</u>
Net assets:					
Cash and investments	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ 750</u>	<u>\$ 300</u>	<u>\$ 2,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ 10,000</u>	<u>\$ 105</u>	<u>\$ 750</u>	<u>\$ 300</u>	<u>\$ 2,000</u>

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2010
 (Continued)

	Evelyn Fawley Memorial	JHS Service Scholarship	TCU Membership	Donation- Harold Zeigler Ford	Totals
Additions:					
Contributions:					
Other	\$ -	\$ -	\$ -	\$ -	\$ 750
Deductions:					
Administrative and general	-	-	-	-	900
Excess (deficiency) of total additions over total deductions	-	-	-	-	(150)
Cash and investment fund balance - beginning	17	72	5	500	13,899
Cash and investments - June 30	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,749</u>
Net assets:					
Cash and investments	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,749</u>
Total net assets - cash and investment basis held in trust	<u>\$ 17</u>	<u>\$ 72</u>	<u>\$ 5</u>	<u>\$ 500</u>	<u>\$ 13,749</u>

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

	Payroll
Additions:	
Agency fund additions	\$ 2,914,055
Deductions:	
Agency fund deductions	2,795,124
Excess of total additions over total deductions	118,931
Cash and investment fund balance - beginning	1,216
Cash and investment fund balance - ending	\$ 120,147

BAUGO COMMUNITY SCHOOLS
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 AGENCY FUNDS
 For the Year Ended June 30, 2010

	Payroll
Additions:	
Agency fund additions	<u>\$ 2,738,815</u>
Deductions:	
Agency fund deductions	<u>2,823,965</u>
Deficiency of total additions over total deductions	(85,150)
Cash and investment fund balance - beginning	<u>120,147</u>
Cash and investment fund balance - ending	<u><u>\$ 34,997</u></u>

BAUGO COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2010

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Buildings	\$ 43,253,551
Improvements other than buildings	1,404,471
Machinery and equipment	<u>2,611,605</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 47,269,627</u>

BAUGO COMMUNITY SCHOOLS
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2010

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Building-2005 Mortgage Refunding	\$ 30,020,000	\$ 2,968,500
Notes and loans payable:		
Common School Loan-1991	115,425	62,762
Bonds payable:		
General obligation bonds:		
2004 Pension	1,425,000	189,089
2009 Construction	<u>700,000</u>	<u>319,133</u>
Total governmental activities debt	<u>\$ 32,260,425</u>	<u>\$ 3,539,484</u>

BAUGO COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balance of the Bus Replacement Fund was overdrawn at June 30, 2009, by \$110,644.

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

PAYMENTS TO EMPLOYEES FROM EXTRA-CURRICULAR ACTIVITY FUNDS

Payments to School Corporation bus drivers for extra-curricular field trips were made by claim rather than through the payroll system.

Pay of teachers and other personnel for service at interscholastic athletic events such as ticket takers, scoreboard personnel, etc., are expenses of the Athletic Fund of the Extra-Curricular Account. Pay of concession stand supervisors and of ticket takers, etc., for fine arts events should be paid from the proceeds of the activity sponsoring these events. Payment to all such personnel must be by way of a payroll. If an extra-curricular payroll is not maintained, the payments may be made a part of the corporation payroll and charged to a school corporation General Fund appropriation; however, the General Fund must be reimbursed for such payment by the activity which the employees served. (The School Administrator and Uniform Compliance Guidelines, Volume 130) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 1)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE BAUGO COMMUNITY SCHOOLS, ELKHART COUNTY, INDIANA

Compliance

We have audited the compliance of the Baugo 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, 2009 and 2010. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

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

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

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

STATE BOARD OF ACCOUNTS

January 10, 2011

BAUGO COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 6-30-09	Total Federal Awards Expended 6-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	2260	\$ 72,198	\$ 85,160
National School Lunch Program	10.555	2260	<u>321,635</u>	<u>377,596</u>
Total for federal grantor agency			<u>393,833</u>	<u>462,756</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I, Part A Cluster				
Title I Grants to Local Educational Agencies	84.010			
FY 09			132,125	29,358
FY 10			<u>-</u>	<u>134,001</u>
Total for program			<u>132,125</u>	<u>163,359</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389		<u>-</u>	<u>78,380</u>
Total for cluster			<u>132,125</u>	<u>241,739</u>
Pass-Through Goshen Community Schools				
Special Education Cluster				
Special Education - Grants to States	84.027			
FY 08			16,288	-
FY 09			274,606	30,969
FY 10			<u>-</u>	<u>285,664</u>
Total for program			<u>290,894</u>	<u>316,633</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	10-2260	<u>-</u>	<u>306,970</u>
Total for cluster			<u>290,894</u>	<u>623,603</u>
Pass-Through Indiana Department of Education				
State Fiscal Stabilization Fund Cluster				
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>955,516</u>	<u>401,455</u>
Pass-Through Elkhart Community Schools				
Career and Technical Education - Basic Grants to States	84.048		<u>4,300</u>	<u>3,000</u>
Pass-Through Indiana Department of Education				
State Grants for Innovative Programs	84.298		<u>2,869</u>	<u>2,072</u>
Improving Teacher Quality State Grants	84.367			
FY 08			66,410	1,830
FY 09			<u>-</u>	<u>46,856</u>
Total for program			<u>66,410</u>	<u>48,686</u>
Total for federal grantor agency			<u>1,452,114</u>	<u>1,320,555</u>
Total federal awards expended			<u>\$ 1,845,947</u>	<u>\$ 1,783,311</u>

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

BAUGO 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 Baugo Community Schools (School Corporation) and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statements. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 8,266	\$ 10,677
National School Lunch Program	10.555	36,826	47,343

BAUGO 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:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster
State Fiscal Stabilization Fund Cluster

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BAUGO COMMUNITY SCHOOLS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

BAUGO COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on January 10, 2011, with Barbara Cloud, Treasurer; Bruce Perry, Business Manager; James H. DuBois, Superintendent of Schools; and Brian Baughman, President of the School Board. The officials concurred with our audit findings.