

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

EXAMINATION REPORT
OF
COWAN COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
04/15/2009

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials	2
Independent Auditor's Report	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis	4-5
Fund Financial Statements:	
Governmental Funds:	
Statement of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Governmental Funds	6-7
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds	8-9
Notes to Financial Statements	10-17
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds	18-29
Schedule of Capital Assets	30
Schedule of Long-Term Debt	31
Examination Results and Comments:	
Transfer Tuition Fees	32
Condition of Records	32
Investments	32
Exit Conference	33

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet L. McIntosh	07-01-06 to 06-30-09
Superintendent of Schools	Larry O. John	07-01-06 to 06-30-09
President of the School Board	Jana D. Norris John Hamilton Kimberly O'Conner	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE COWAN COMMUNITY SCHOOL
CORPORATION, DELAWARE COUNTY, INDIANA

We have examined the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Cowan Community School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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 examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statements presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial statements of Cowan Community School Corporation for the years ended June 30, 2007 and 2008, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

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 examination procedures applied in the examination of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial information taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the examination procedures applied by us in the examination of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 4, 2009

COWAN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
Governmental activities:				Net (Disbursement) Receipts and Changes in Net Assets
Instruction	\$ 2,702,638	\$ -	\$ 27,377	\$ (2,675,261)
Support services	2,403,950	270,201	64,732	(2,069,017)
Community services	86,341	-	-	(86,341)
Nonprogrammed charges	271,872	-	-	(271,872)
Debt service	<u>1,629,744</u>	<u>-</u>	<u>-</u>	<u>(1,629,744)</u>
Total governmental activities	<u>\$ 7,094,545</u>	<u>\$ 270,201</u>	<u>\$ 92,109</u>	<u>(6,732,235)</u>
General receipts:				
Property taxes				1,405,672
Other local sources				465,628
State aid				2,716,664
Bonds and loans				232,461
Grants and contributions not restricted to specific programs				247,018
Sale of property, adjustments, and refunds				24,156
Investment earnings				<u>81,286</u>
Total general receipts				<u>5,172,885</u>
Change in net assets				(1,559,350)
Net assets - beginning				<u>2,250,085</u>
Net assets - ending				<u>\$ 690,735</u>
<u>Assets</u>				
Cash and investments				\$ 552,687
Restricted assets:				
Cash and investments				<u>138,048</u>
Total assets				<u>\$ 690,735</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 138,048
Unrestricted				<u>552,687</u>
Total net assets				<u>\$ 690,735</u>

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

COWAN COMMUNITY SCHOOL CORPORATION
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>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 2,791,024	\$ -	\$ 102,869	\$ (2,688,155)
Support services	2,373,843	299,338	103,416	(1,971,089)
Community services	88,814	-	-	(88,814)
Nonprogrammed charges	254,399	-	-	(254,399)
Debt service	<u>2,329,738</u>	<u>-</u>	<u>-</u>	<u>(2,329,738)</u>
Total governmental activities	<u>\$ 7,837,818</u>	<u>\$ 299,338</u>	<u>\$ 206,285</u>	<u>(7,332,195)</u>
General receipts:				
Property taxes				2,644,914
Other local sources				590,907
State aid				2,880,308
Bonds and loans				1,200,000
Grants and contributions not restricted to specific programs				280,318
Sale of property, adjustments, and refunds				430
Investment earnings				<u>64,850</u>
Total general receipts				<u>7,661,727</u>
Change in net assets				329,532
Net assets - beginning				<u>690,735</u>
Net assets - ending				<u>\$ 1,020,267</u>
<u>Assets</u>				
Cash and investments				\$ 918,706
Restricted assets:				
Cash and investments				<u>101,561</u>
Total assets				<u>\$ 1,020,267</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 101,561
Unrestricted				<u>918,706</u>
Total net assets				<u>\$ 1,020,267</u>

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

COWAN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 842,977	\$ 165,790	\$ 73,661	\$ 577,212	\$ 262,997	\$ 7,102	\$ 292,625	\$ 2,222,364
Intermediate sources	49	-	-	-	-	-	375	424
State sources	2,732,117	-	5,137	-	-	-	51,268	2,788,522
Federal sources	3,000	-	-	-	-	-	264,268	267,268
Bonds and loans	-	-	-	-	-	-	232,461	232,461
Sale of property, adjustments and refunds	616	-	-	-	23,450	-	90	24,156
Total receipts	3,578,759	165,790	78,798	577,212	286,447	7,102	841,087	5,535,195
Disbursements:								
Current:								
Instruction	2,422,403	-	-	-	-	-	280,235	2,702,638
Support services	1,149,661	258,815	57,441	2,802	397,709	-	537,522	2,403,950
Community services	85,947	-	-	-	-	-	394	86,341
Nonprogrammed charges	271,872	-	-	-	-	-	-	271,872
Debt services	-	-	-	1,558,140	-	-	71,604	1,629,744
Total disbursements	3,929,883	258,815	57,441	1,560,942	397,709	-	889,755	7,094,545
Excess (deficiency) of receipts over disbursements	(351,124)	(93,025)	21,357	(983,730)	(111,262)	7,102	(48,668)	(1,559,350)
Other financing sources (uses):								
Transfers in	4,025	24,532	-	-	-	-	38,774	67,331
Transfers out	-	-	-	(54,182)	-	-	(13,149)	(67,331)
Total other financing sources (uses)	4,025	24,532	-	(54,182)	-	-	25,625	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(347,099)	(68,493)	21,357	(1,037,912)	(111,262)	7,102	(23,043)	(1,559,350)
Cash and investments - beginning	606,863	68,493	75,793	1,175,959	151,515	15,990	155,472	2,250,085
Cash and investments - ending	\$ 259,764	\$ -	\$ 97,150	\$ 138,047	\$ 40,253	\$ 23,092	\$ 132,429	\$ 690,735
Cash and Investment Assets - Ending								
Cash and investments	\$ 259,764	\$ -	\$ 97,150	\$ -	\$ 40,253	\$ 23,092	\$ 132,428	\$ 552,687
Restricted assets:								
Cash and investments	-	-	-	138,047	-	-	1	138,048
Total cash and investment assets - ending	\$ 259,764	\$ -	\$ 97,150	\$ 138,047	\$ 40,253	\$ 23,092	\$ 132,429	\$ 690,735
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 138,047	\$ -	\$ -	\$ 1	\$ 138,048
Unrestricted	259,764	-	97,150	-	40,253	23,092	132,428	552,687
Total cash and investment fund balance - ending	\$ 259,764	\$ -	\$ 97,150	\$ 138,047	\$ 40,253	\$ 23,092	\$ 132,429	\$ 690,735

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

COWAN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2008

	General	Transportation Operating	Textbook Rental	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:								
Local sources	\$ 1,391,541	\$ 337,524	\$ 80,877	\$ 977,059	\$ 385,986	\$ 81,209	\$ 355,669	\$ 3,609,865
Intermediate sources	32	-	-	-	-	-	113	145
State sources	2,942,590	-	12,352	-	-	-	81,058	3,036,000
Federal sources	-	-	-	-	-	-	320,910	320,910
Bonds and loans	700,000	175,000	-	-	250,000	75,000	-	1,200,000
Sale of property, adjustments and refunds	145	-	-	-	-	-	285	430
Total receipts	5,034,308	512,524	93,229	977,059	635,986	156,209	758,035	8,167,350
Disbursements:								
Current:								
Instruction	2,499,457	-	-	-	-	-	291,567	2,791,024
Support services	1,243,124	297,634	93,290	-	415,886	-	323,909	2,373,843
Community services	88,814	-	-	-	-	-	-	88,814
Nonprogrammed charges	248,523	-	-	-	-	-	5,876	254,399
Debt services	717,566	175,000	-	1,042,483	250,000	75,000	69,689	2,329,738
Total disbursements	4,797,484	472,634	93,290	1,042,483	665,886	75,000	691,041	7,837,818
Excess (deficiency) of receipts over disbursements	236,824	39,890	(61)	(65,424)	(29,900)	81,209	66,994	329,532
Other financing sources (uses):								
Interfund loans	-	-	-	(25,244)	-	-	25,244	-
Transfers in	-	-	-	54,182	-	-	66,362	120,544
Transfers out	(50,000)	(24,532)	-	-	-	-	(46,012)	(120,544)
Total other financing sources (uses)	(50,000)	(24,532)	-	28,938	-	-	45,594	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	186,824	15,358	(61)	(36,486)	(29,900)	81,209	112,588	329,532
Cash and investments - beginning	259,764	-	97,150	138,047	40,253	23,092	132,429	690,735
Cash and investments - ending	\$ 446,588	\$ 15,358	\$ 97,089	\$ 101,561	\$ 10,353	\$ 104,301	\$ 245,017	\$ 1,020,267
Cash and Investment Assets - Ending								
Cash and investments	\$ 446,588	\$ 15,358	\$ 97,089	\$ -	\$ 10,353	\$ 104,301	\$ 245,017	\$ 918,706
Restricted assets:								
Cash and investments	-	-	-	101,561	-	-	-	101,561
Total cash and investment assets - ending	\$ 446,588	\$ 15,358	\$ 97,089	\$ 101,561	\$ 10,353	\$ 104,301	\$ 245,017	\$ 1,020,267
Cash and Investment Fund Balance - Ending								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 101,561	\$ -	\$ -	\$ -	\$ 101,561
Unrestricted	446,588	15,358	97,089	-	10,353	104,301	245,017	918,706
Total cash and investment fund balance - ending	\$ 446,588	\$ 15,358	\$ 97,089	\$ 101,561	\$ 10,353	\$ 104,301	\$ 245,017	\$ 1,020,267

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

COWAN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	<u>Pension Trust Funds</u>
Additions:	
Interest	\$ 4,523
Deductions:	
Benefits	<u>8,082</u>
Deficiency of total additions over total deductions	(3,559)
Cash and investment fund balance - beginning	<u>81,985</u>
Cash and investment fund balance - ending	<u>\$ 78,426</u>
Net assets:	
Cash and investments	<u>\$ 78,426</u>
Total net assets - cash and investment basis held in trust	<u>\$ 78,426</u>

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

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

	<u>Pension Trust Funds</u>
Additions:	
Investment earnings:	
Interest	\$ 2,913
Cash and investment fund balance - beginning	<u>78,426</u>
Cash and investment fund balance - ending	<u>\$ 81,339</u>
Net assets:	
Cash and investments	<u>\$ 81,339</u>
Total net assets - cash and investment basis held in trust	<u>\$ 81,339</u>

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

Note 1. Introduction

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.

Joint Venture

The School Corporation is a participant with other school corporations in a joint venture to operate Area Vocational Education Co-op which was created to provide vocational education programs. The School Corporation is obligated by contract to remit \$33,543 and \$53,870, respectively, for the years ending June 30, 2007 and 2008, to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Muncie Community School Corporation, Administrative Office, 2502 N. Oakwood Avenue, Muncie, IN 47302.

The School Corporation is a participant with other school corporations in a joint venture to operate Delaware/Blackford Special Education Co-op which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit \$281,016 and \$201,347, respectively, for the years ending June 30, 2007 and 2008, to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Muncie Community School Corporation, Administrative Office, 2501 N. Oakwood Avenue, Muncie, IN 47302.

The School Corporation is a participant with other school corporations in a joint venture to operate Delaware/Muncie Community Priority School Co-op which was created to provide instruction for troubled students. The School Corporation is obligated by contract to remit \$12,600 for the year ending June 30, 2008, to supplement the Co-op. Complete financial statements for the Co-op can be obtained from Muncie Community School Corporation, Administrative Office, 2502 N. Oakwood Avenue, Muncie, IN 47302.

Note 2. Fund Accounting

A. 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.

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 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.

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

The school bus replacement fund is used to account for receipts and disbursements concerning the acquisition and disposal of school buses.

The textbook rental fund accounts for financial resources for the purchase of textbooks and other materials used to educate the students.

Additionally, the School Corporation reports the following fund type:

The pension trust funds account for the activities of the pension bond fund, which accumulates resources for pension benefit payments.

B. Measurement Focus and Basis of Accounting

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

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

C. 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. 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.

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.

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.

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

D. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

E. 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.

COWAN COMMUNITY SCHOOL CORPORATION
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:

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

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Deposits and Investments

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

State statute (IC 5-13-9) authorizes the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Note 5. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
General Fund	Other governmental funds	\$ -	\$ 50,000
Debt Service Fund	Transportation Operating Fund	24,532	-
	Other governmental funds	29,650	-
Transportation Operating Fund	Debt Service Fund	-	24,532
Other governmental funds	General Fund	4,025	-
	Debt Service Fund	-	29,650
	Other governmental funds	9,124	16,362
Totals		<u>\$ 67,331</u>	<u>\$ 120,544</u>

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

Note 6. 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 this 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 members' 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. That 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 the plan members for PERF are established by the Board of Trustees of PERF.

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Teacher's Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teacher's 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 members' 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:

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

Funding Policy and Annual Pension Cost

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

Note 7. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. New Funds represents the inclusion of existing funds which were not presented in the prior report. Prior period adjustments represent a reclassification of funds from private-purpose trust funds to governmental funds.

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Opinion Unit	Balance as Reported June 2006	Fund Reclassification	New Funds	Prior Period Adjustments	Balance as Restated July 1, 2007
Other Governmental Funds	\$ 213,773	\$ (58,301)	\$ -	\$ -	\$ 155,472
Textbook Rental Fund	-	75,793	-	-	75,793
Private Purpose Trust Funds	20,443	(20,443)	-	-	-

Note 8. Subsequent Event

The School Corporation approved a tax anticipation warrant on December 17, 2009, in the amount of \$600,000 from First Merchants Bank.

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Levy Excess	Educational License Plate	PTO Donation	Target Donation
Receipts:						
Local sources	\$ 1,559	\$ 195,426	\$ -	\$ 56	\$ 53,326	\$ 525
Intermediate sources	-	-	-	375	-	-
State sources	32,711	5,635	-	-	-	-
Federal sources	-	53,960	-	-	-	-
Bonds and loans	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>34,270</u>	<u>255,021</u>	<u>-</u>	<u>431</u>	<u>53,326</u>	<u>525</u>
Disbursements:						
Current:						
Instruction	45,552	-	-	-	17,364	469
Support services	-	252,847	-	-	32,256	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>45,552</u>	<u>252,847</u>	<u>-</u>	<u>-</u>	<u>49,620</u>	<u>469</u>
Excess (deficiency) of receipts over disbursements	<u>(11,282)</u>	<u>2,174</u>	<u>-</u>	<u>431</u>	<u>3,706</u>	<u>56</u>
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	(4,025)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(4,025)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(11,282)</u>	<u>2,174</u>	<u>(4,025)</u>	<u>431</u>	<u>3,706</u>	<u>56</u>
Cash and investments - beginning	<u>20,799</u>	<u>57,458</u>	<u>4,025</u>	<u>2,773</u>	<u>19,270</u>	<u>1,173</u>
Cash and investments - ending	<u>\$ 9,517</u>	<u>\$ 59,632</u>	<u>\$ -</u>	<u>\$ 3,204</u>	<u>\$ 22,976</u>	<u>\$ 1,229</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 9,517	\$ 59,632	\$ -	\$ 3,204	\$ 22,976	\$ 1,229
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 9,517</u>	<u>\$ 59,632</u>	<u>\$ -</u>	<u>\$ 3,204</u>	<u>\$ 22,976</u>	<u>\$ 1,229</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>9,517</u>	<u>59,632</u>	<u>-</u>	<u>3,204</u>	<u>22,976</u>	<u>1,229</u>
Total cash and investment fund balance - ending	<u>\$ 9,517</u>	<u>\$ 59,632</u>	<u>\$ -</u>	<u>\$ 3,204</u>	<u>\$ 22,976</u>	<u>\$ 1,229</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Gifted Talented 2005-2006	Gifted Talented 2006-2007	1999 Technical Preparation Staff Development	Technology Grants	Performance Based Awards
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	11,263	-	-	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	90	-	-	-
Total receipts	-	11,353	-	-	-
Disbursements:					
Current:					
Instruction	1,781	9,555	-	-	-
Support services	-	-	-	11,321	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	1,781	9,555	-	11,321	-
Excess (deficiency) of receipts over disbursements	(1,781)	1,798	-	(11,321)	-
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,781)	1,798	-	(11,321)	-
Cash and investments - beginning	1,781	-	419	11,321	200
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,798</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 200</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 1,798	\$ 419	\$ -	\$ 200
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 1,798</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 200</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,798	419	-	200
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 1,798</u>	<u>\$ 419</u>	<u>\$ -</u>	<u>\$ 200</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Beginning Teacher Mentorship	Section 125 Balance	Education and Career Service	Title I 2005-2006	Title I 2006-2007
Receipts:					
Local sources	\$ -	\$ 750	\$ 20	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	660	-	-	-	-
Federal sources	-	-	-	-	72,122
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	660	750	20	-	72,122
Disbursements:					
Current:					
Instruction	-	96	-	11,373	59,387
Support services	-	-	485	1,978	1,076
Community services	-	-	-	-	394
Debt services	-	-	-	-	-
Total disbursements	-	96	485	13,351	60,857
Excess (deficiency) of receipts over disbursements	660	654	(465)	(13,351)	11,265
Other financing sources (uses):					
Transfers in	-	-	-	-	9,124
Transfers out	-	-	-	(9,124)	-
Total other financing sources (uses)	-	-	-	(9,124)	9,124
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	660	654	(465)	(22,475)	20,389
Cash and investments - beginning	38	-	586	22,475	-
Cash and investments - ending	698	654	121	-	20,389
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 698	\$ 654	\$ 121	\$ -	\$ 20,389
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	698	654	121	-	20,389
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	698	654	121	-	20,389
Total cash and investment fund balance - ending	698	654	121	-	20,389

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title V 2005-2006	Title V 2004-2005	P.L. 94-142 2005-2006	P.L. 94-142 2006-2007	Drug Free Schools 2006-2007
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	835	-	119,328	2,105
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
Total receipts	<u>-</u>	<u>835</u>	<u>-</u>	<u>119,328</u>	<u>2,105</u>
Disbursements:					
Current:					
Instruction	-	-	158	118,028	135
Support services	199	506	-	-	921
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>199</u>	<u>506</u>	<u>158</u>	<u>118,028</u>	<u>1,056</u>
Excess (deficiency) of receipts over disbursements	<u>(199)</u>	<u>329</u>	<u>(158)</u>	<u>1,300</u>	<u>1,049</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
Total other financing sources (uses)	<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>(199)</u>	<u>329</u>	<u>(158)</u>	<u>1,300</u>	<u>1,049</u>
Cash and investments - beginning	<u>199</u>	<u>-</u>	<u>158</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 1,049</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 329	\$ -	\$ 1,300	\$ 1,049
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 1,049</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	329	-	1,300	1,049
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 329</u>	<u>\$ -</u>	<u>\$ 1,300</u>	<u>\$ 1,049</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Drug Free Schools 2005-2006	Drug Free Schools 2004-2005	Professional Development	Title II Part A 2004-2005	Title II Part A 2005-2006
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 266	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	999	-	-
Federal sources	-	-	-	-	15,000
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>999</u>	<u>266</u>	<u>15,000</u>
Total receipts					
	-	-	999	266	15,000
Disbursements:					
Current:					
Instruction	1,450	550	937	1,378	12,022
Support services	430	-	-	3,225	637
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total disbursements					
	<u>1,880</u>	<u>550</u>	<u>937</u>	<u>4,603</u>	<u>12,659</u>
Excess (deficiency) of receipts over disbursements					
	<u>(1,880)</u>	<u>(550)</u>	<u>62</u>	<u>(4,337)</u>	<u>2,341</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)					
	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses					
	<u>(1,880)</u>	<u>(550)</u>	<u>62</u>	<u>(4,337)</u>	<u>2,341</u>
Cash and investments - beginning					
	<u>2,632</u>	<u>550</u>	<u>419</u>	<u>4,568</u>	<u>4,756</u>
Cash and investments - ending					
	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 481</u>	<u>\$ 231</u>	<u>\$ 7,097</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 752	\$ -	\$ 481	\$ 231	\$ 7,097
Restricted assets:					
Cash and investments	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment assets - ending					
	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 481</u>	<u>\$ 231</u>	<u>\$ 7,097</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>752</u>	<u>-</u>	<u>481</u>	<u>231</u>	<u>7,097</u>
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total cash and investment fund balance - ending					
	<u>\$ 752</u>	<u>\$ -</u>	<u>\$ 481</u>	<u>\$ 231</u>	<u>\$ 7,097</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title II Part D 2004-2005	Title II Part D 2005-2006	Retirement/ Severance Bond	Construction Fund	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ 40,697	\$ -	\$ 292,625
Intermediate sources	-	-	-	-	375
State sources	-	-	-	-	51,268
Federal sources	-	918	-	-	264,268
Bonds and loans	-	-	-	232,461	232,461
Sale of property, adjustments and refunds	-	-	-	-	90
Total receipts	-	918	40,697	232,461	841,087
Disbursements:					
Current:					
Instruction	-	-	-	-	280,235
Support services	1,255	876	-	229,510	537,522
Community services	-	-	-	-	394
Debt services	-	-	71,604	-	71,604
Total disbursements	1,255	876	71,604	229,510	889,755
Excess (deficiency) of receipts over disbursements	(1,255)	42	(30,907)	2,951	(48,668)
Other financing sources (uses):					
Transfers in	-	-	29,650	-	38,774
Transfers out	-	-	-	-	(13,149)
Total other financing sources (uses)	-	-	29,650	-	25,625
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,255)	42	(1,257)	2,951	(23,043)
Cash and investments - beginning	1,255	310	1,258	(2,951)	155,472
Cash and investments - ending	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 132,429</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 352	\$ -	\$ -	\$ 132,428
Restricted assets:					
Cash and investments	-	-	1	-	1
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 132,429</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ 1	\$ -	\$ 1
Unrestricted	-	352	-	-	132,428
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 352</u>	<u>\$ 1</u>	<u>\$ -</u>	<u>\$ 132,429</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008

	Special Education Preschool	Rainy Day	School Lunch	Educational License Plate	Safe School Haven	Elementary/ High School PTO Donations
Receipts:						
Local sources	\$ 2,876	\$ -	\$ 234,603	\$ 132	\$ -	\$ 31,972
Intermediate sources	-	-	-	113	-	-
State sources	18,029	-	5,759	-	682	-
Federal sources	-	-	85,305	-	-	-
Sale of property, adjustments and refunds	-	-	225	-	-	-
Total receipts	20,905	-	325,892	245	682	31,972
Disbursements:						
Current:						
Instruction	20,417	-	-	-	-	9,605
Support services	-	-	307,297	597	682	5,853
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	20,417	-	307,297	597	682	15,458
Excess (deficiency) of receipts over disbursements	488	-	18,595	(352)	-	16,514
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	50,000	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	50,000	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	488	50,000	18,595	(352)	-	16,514
Cash and investments - beginning	9,517	-	59,632	3,204	-	22,976
Cash and investments - ending	\$ 10,005	\$ 50,000	\$ 78,227	\$ 2,852	\$ -	\$ 39,490
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 10,005	\$ 50,000	\$ 78,227	\$ 2,852	\$ -	\$ 39,490
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	\$ 10,005	\$ 50,000	\$ 78,227	\$ 2,852	\$ -	\$ 39,490

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Donations	Ball Brothers Wellness Grant	Gifted/Talented 2007-2008	Gifted/Talented 2006-2007	Technology Staff Development FY 1999	Performance Based Awards
Receipts:						
Local sources	\$ 518	\$ 10,000	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	28,088	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	60	-	-	-
Total receipts	518	10,000	28,148	-	-	-
Disbursements:						
Current:						
Instruction	11	-	24,665	1,798	-	200
Support services	-	-	-	-	-	-
Nonprogrammed charges	75	5,801	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	86	5,801	24,665	1,798	-	200
Excess (deficiency) of receipts over disbursements	432	4,199	3,483	(1,798)	-	(200)
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	(419)	-
Total other financing sources (uses)	-	-	-	-	(419)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	432	4,199	3,483	(1,798)	(419)	(200)
Cash and investments - beginning	1,229	-	-	1,798	419	200
Cash and investments - ending	\$ 1,661	\$ 4,199	\$ 3,483	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 1,661	\$ 4,199	\$ 3,483	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	\$ 1,661	\$ 4,199	\$ 3,483	\$ -	\$ -	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Indiana Access Linux Certification Grant	Consolidation Study	Beginning Teacher Mentorship	Beginning Teacher Mentorship	Section 125 Balance	Education and Career Service
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 1,474	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	2,500	25,000	-	-	-	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	2,500	25,000	-	-	1,474	-
Disbursements:						
Current:						
Instruction	-	-	471	676	136	-
Support services	2,195	623	22	-	-	121
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	2,195	623	493	676	136	121
Excess (deficiency) of receipts over disbursements	305	24,377	(493)	(676)	1,338	(121)
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	2,433	-	-	-
Transfers out	-	-	-	(22)	(1,992)	-
Total other financing sources (uses)	-	-	2,433	(22)	(1,992)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	305	24,377	1,940	(698)	(654)	(121)
Cash and investments - beginning	-	-	-	698	654	121
Cash and investments - ending	\$ 305	\$ 24,377	\$ 1,940	\$ -	\$ -	\$ -
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ 305	\$ 24,377	\$ 1,940	\$ -	\$ -	\$ -
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	\$ 305	\$ 24,377	\$ 1,940	\$ -	\$ -	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title I 2007-2008	Title I 2006-2007	Title V 2007-2008	Title V 2006-2007	P.L. 94-142 2007-2008	P.L. 94-142 2006-2007
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	85,497	-	854	-	125,498	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	<u>85,497</u>	<u>-</u>	<u>854</u>	<u>-</u>	<u>125,498</u>	<u>-</u>
Disbursements:						
Current:						
Instruction	64,562	13,218	-	-	124,195	-
Support services	2,625	-	795	329	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>67,187</u>	<u>13,218</u>	<u>795</u>	<u>329</u>	<u>124,195</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>18,310</u>	<u>(13,218)</u>	<u>59</u>	<u>(329)</u>	<u>1,303</u>	<u>-</u>
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	7,171	-	-	-	-	106
Transfers out	-	(7,171)	-	-	-	-
Total other financing sources (uses)	<u>7,171</u>	<u>(7,171)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>106</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>25,481</u>	<u>(20,389)</u>	<u>59</u>	<u>(329)</u>	<u>1,303</u>	<u>106</u>
Cash and investments - beginning	<u>-</u>	<u>20,389</u>	<u>-</u>	<u>329</u>	<u>-</u>	<u>-</u>
Cash and investments - ending	<u>\$ 25,481</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 106</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ 25,481</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 106</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	<u>\$ 25,481</u>	<u>\$ -</u>	<u>\$ 59</u>	<u>\$ -</u>	<u>\$ 1,303</u>	<u>\$ 106</u>

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	P.L. 94-142 2005-2006	Drug Free Schools 2006-2007	Drug Free Schools 2007-2008	Drug Free Schools 2005-2006	Vocational and Technical Board	Professional Development Schooling
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	1,000
Federal sources	-	-	2,137	-	500	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	-	-	2,137	-	500	1,000
Disbursements:						
Current:						
Instruction	1,194	1,049	-	354	-	752
Support services	-	-	509	398	500	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	1,194	1,049	509	752	500	752
Excess (deficiency) of receipts over disbursements	(1,194)	(1,049)	1,628	(752)	-	248
Other financing sources (uses):						
Interfund loans	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-
Transfers out	(106)	-	-	-	-	-
Total other financing sources (uses)	(106)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,300)	(1,049)	1,628	(752)	-	248
Cash and investments - beginning	1,300	1,049	-	752	-	481
Cash and investments - ending	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ 729
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ 729
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	\$ -	\$ -	\$ 1,628	\$ -	\$ -	\$ 729

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Title II Part A 2004-2005	Title II Part A 2006-2007	Title II Part A 2007-2008	Title II Part D 2005-2006	Retirement/ Severance Bond	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 74,094	\$ 355,669
Intermediate sources	-	-	-	-	-	113
State sources	-	-	-	-	-	81,058
Federal sources	6,652	12,467	2,000	-	-	320,910
Sale of property, adjustments and refunds	-	-	-	-	-	285
Total receipts	<u>6,652</u>	<u>12,467</u>	<u>2,000</u>	<u>-</u>	<u>74,094</u>	<u>758,035</u>
Disbursements:						
Current:						
Instruction	-	26,264	2,000	-	-	291,567
Support services	231	780	-	352	-	323,909
Nonprogrammed charges	-	-	-	-	-	5,876
Debt services	-	-	-	-	69,689	69,689
Total disbursements	<u>231</u>	<u>27,044</u>	<u>2,000</u>	<u>352</u>	<u>69,689</u>	<u>691,041</u>
Excess (deficiency) of receipts over disbursements	<u>6,421</u>	<u>(14,577)</u>	<u>-</u>	<u>(352)</u>	<u>4,405</u>	<u>66,994</u>
Other financing sources (uses):						
Interfund loans	-	-	-	-	25,244	25,244
Transfers in	-	6,652	-	-	-	66,362
Transfers out	<u>(6,652)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(29,650)</u>	<u>(46,012)</u>
Total other financing sources (uses)	<u>(6,652)</u>	<u>6,652</u>	<u>-</u>	<u>-</u>	<u>(4,406)</u>	<u>45,594</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(231)</u>	<u>(7,925)</u>	<u>-</u>	<u>(352)</u>	<u>(1)</u>	<u>112,588</u>
Cash and investments - beginning	<u>231</u>	<u>7,097</u>	<u>-</u>	<u>352</u>	<u>1</u>	<u>132,429</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ (828)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,017</u>
<u>Cash and Investment Assets - Ending</u>						
Cash and investments	<u>\$ -</u>	<u>\$ (828)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,017</u>
<u>Cash and Investment Fund Balance - Ending</u>						
Restricted for:						
Unrestricted	<u>\$ -</u>	<u>\$ (828)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 245,017</u>

COWAN COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

General infrastructure assets are not applicable to a school corporation

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 260,000
Buildings	16,604,128
Improvements other than buildings	2,138,604
Machinery and equipment	<u>1,663,123</u>
Total governmental activities, capital assets not being depreciated	<u><u>\$ 20,665,855</u></u>

COWAN COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2008

The School has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Notes and loans payable	\$ 7,472,091	\$ 871,931
Bonds payable:		
General obligation bonds:		
Elementary Roof	205,000	64,217
Pension	385,000	67,643
Total governmental activities debt	<u>\$ 8,062,091</u>	<u>\$ 1,003,791</u>

COWAN COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

TRANSFER TUITION FEES

The fees for transfer tuition were not properly calculated. The School Corporation made a calculation error in 2006-2007 and overcharged elementary students \$115.77. The Prime Time Grant (Grades K-3) was inadvertently not included in the calculation in 2007-2008. As a result, students in kindergarten through third grades were over charged \$377.41.

Persons, companies or governmental units that have overpaid amounts to a governmental unit are entitled to a repayment or refund by check or warrant. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

CONDITION OF RECORDS

Financial records presented for examination did not contain the Prepaid Lunch Fund as a trust fund.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

INVESTMENTS

The following funds had investment balances that were not included in the School Corporation's records at June 30, 2008:

Elementary/High School Donation	\$ 20,000
Bus Replacement Fund	94,000
Retirement/Severance Fund	81,000
School Lunch	25,000
Extra-Curricular Accounts	50,000

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

COWAN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on March 4, 2009, with Kimberly O'Conner, President of the School Board; Janet L. McIntosh, Treasurer; and Larry O. John, Superintendent of Schools. The officials concurred with our findings.