

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

AUDIT REPORT  
OF  
COWAN COMMUNITY SCHOOL CORPORATION  
DELAWARE COUNTY, INDIANA  
July 1, 2008 to June 30, 2010



**FILED**  
03/01/2011



## TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards .....	3-4
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 .....	5-6
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Activities and Net Assets – Cash and Investment Basis .....	7-8
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 .....	9-10
Fiduciary Funds:	
Statement of Additions, Deductions, and Changes in Cash and Investment Balances – Fiduciary Funds .....	11-12
Notes to Financial Statements .....	13-20
Supplementary Information:	
Combining Schedule of Assets and Fund Balances and Receipts, Disbursements, and Changes in Fund Balances – Cash and Investment Basis – Other Governmental Funds.....	21-30
Combining Schedule of Additions, Deductions, and Changes in Cash and Investment Balances – Private-Purpose Trust Funds .....	31-32
Schedule of Capital Assets.....	33
Schedule of Long-Term Debt .....	34
Audit Results and Comments:	
Overdrawn Cash Balances.....	35
Condition of Records .....	35
Internal Controls over Financial Transactions and Reporting .....	35
Supplemental Audit of Federal Awards:	
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.....	38-39
Schedule of Expenditures of Federal Awards .....	40
Notes to Schedule of Expenditures of Federal Awards.....	41
Schedule of Findings and Questioned Costs .....	42-44
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings .....	45
Corrective Action Plan.....	46
Exit Conference.....	47

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet L. McIntosh	07-01-08 to 06-30-11
Superintendent of Schools	Larry O. John Dennis G. Chambers	07-01-08 to 06-30-10 07-01-10 to 06-30-11
President of the School Board	Kimberly O'Conner Michael Downham Alan Wright	07-01-08 to 06-30-09 07-01-09 to 06-30-10 07-01-10 to 06-30-11



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

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

We have audited 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, 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 13, 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 13, 2011



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

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

We have audited the 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, 2009 and 2010, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 13, 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.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we considered to be significant deficiencies.

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. We consider the deficiency described in item 2010-1 of the accompanying Schedule of Findings and Questioned Costs to be a significant deficiency in internal control over financial reporting.

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.

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)

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. However, we believe that none of the significant deficiencies described above is a material weakness.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the Cowan Community 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 13, 2011

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 2,706,242	\$ -	\$ 110,150	\$ (2,596,092)
Support services	2,304,676	305,949	111,748	(1,886,979)
Noninstructional services	426,885	-	-	(426,885)
Facilities acquisition and construction	109,001	-	-	(109,001)
Debt service	1,436,319	-	-	(1,436,319)
Nonprogrammed charges	296,018	-	-	(296,018)
<b>Total governmental activities</b>	<b><u>\$ 7,279,141</u></b>	<b><u>\$ 305,949</u></b>	<b><u>\$ 221,898</u></b>	<b><u>(6,751,294)</u></b>
General receipts:				
Property taxes				2,121,319
Other local sources				510,057
State aid				3,179,215
Bonds and loans				473,000
Grants and contributions not restricted to specific programs				638,395
Investment earnings				18,275
Other				962
<b>Total general receipts</b>				<b><u>6,941,223</u></b>
Change in net assets				189,929
Net assets - beginning				<u>974,917</u>
Net assets - ending				<b><u>\$ 1,164,846</u></b>
<u>Assets</u>				
Cash and investments				\$ 1,170,378
Restricted assets:				
Cash and investments				<u>(5,532)</u>
<b>Total assets</b>				<b><u>\$ 1,164,846</u></b>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ (5,532)
Unrestricted				<u>1,170,378</u>
<b>Total net assets</b>				<b><u>\$ 1,164,846</u></b>

The 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, 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	\$ 2,858,127	\$ -	\$ 96,450	\$ (2,761,677)
Support services	2,175,777	314,619	138,275	(1,722,883)
Noninstructional services	425,120	-	-	(425,120)
Facilities acquisition and construction	102,757	-	-	(102,757)
Debt service	1,057,714	-	-	(1,057,714)
Nonprogrammed charges	<u>245,516</u>	<u>-</u>	<u>-</u>	<u>(245,516)</u>
Total governmental activities	<u>\$ 6,865,011</u>	<u>\$ 314,619</u>	<u>\$ 234,725</u>	<u>(6,315,667)</u>
General receipts:				
Property taxes				1,739,159
Other local sources				393,844
State aid				3,875,048
Grants and contributions not restricted to specific programs				487,389
Investment earnings				14,810
Other				<u>8,890</u>
Total general receipts				<u>6,519,140</u>
Change in net assets				203,473
Net assets - beginning				<u>1,164,846</u>
Net assets - ending				<u>\$ 1,368,319</u>
<u>Assets</u>				
Cash and investments				\$ 1,350,491
Restricted assets:				
Cash and investments				<u>17,828</u>
Total assets				<u>\$ 1,368,319</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 17,828
Unrestricted				<u>1,350,491</u>
Total net assets				<u>\$ 1,368,319</u>

The 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, 2009

	General	Rainy Day	Fiscal Stabilization	Debt Service	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 1,184,076	\$ 1,192	\$ -	\$ 762,903	\$ 1,007,248	\$ 2,955,419
Intermediate sources	32	-	-	-	150	182
State sources	3,261,276	-	-	-	87,129	3,348,405
Federal sources	-	-	337,014	-	354,088	691,102
Temporary loans	392,000	-	-	-	81,000	473,000
Other	19	-	-	-	943	962
<b>Total receipts</b>	<b>4,837,403</b>	<b>1,192</b>	<b>337,014</b>	<b>762,903</b>	<b>1,530,558</b>	<b>7,469,070</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,455,196	-	-	-	251,046	2,706,242
Support services	1,469,280	-	-	-	835,396	2,304,676
Noninstructional services	95,180	-	-	-	331,705	426,885
Facilities acquisition and construction	-	-	-	-	109,001	109,001
Debt services	392,000	-	-	868,990	175,329	1,436,319
Nonprogrammed charges	296,018	-	-	-	-	296,018
<b>Total disbursements</b>	<b>4,707,674</b>	<b>-</b>	<b>-</b>	<b>868,990</b>	<b>1,702,477</b>	<b>7,279,141</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>129,729</b>	<b>1,192</b>	<b>337,014</b>	<b>(106,087)</b>	<b>(171,919)</b>	<b>189,929</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	100,000	-	-	11,963	111,963
Transfers out	(100,000)	-	-	-	(11,963)	(111,963)
<b>Total other financing sources (uses)</b>	<b>(100,000)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>29,729</b>	<b>101,192</b>	<b>337,014</b>	<b>(106,087)</b>	<b>(171,919)</b>	<b>189,929</b>
Cash and investments - beginning	446,588	50,000	-	101,561	376,768	974,917
<b>Cash and investments - ending</b>	<b>\$ 476,317</b>	<b>\$ 151,192</b>	<b>\$ 337,014</b>	<b>\$ (4,526)</b>	<b>\$ 204,849</b>	<b>\$ 1,164,846</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 476,317	\$ 151,192	\$ 337,014	\$ -	\$ 205,855	\$ 1,170,378
Restricted assets:						
Cash and investments	-	-	-	(4,526)	(1,006)	(5,532)
<b>Total cash and investment assets - ending</b>	<b>\$ 476,317</b>	<b>\$ 151,192</b>	<b>\$ 337,014</b>	<b>\$ (4,526)</b>	<b>\$ 204,849</b>	<b>\$ 1,164,846</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ (4,526)	\$ (1,006)	\$ (5,532)
Unrestricted	476,317	151,192	337,014	-	205,855	1,170,378
<b>Total cash and investment fund balance - ending</b>	<b>\$ 476,317</b>	<b>\$ 151,192</b>	<b>\$ 337,014</b>	<b>\$ (4,526)</b>	<b>\$ 204,849</b>	<b>\$ 1,164,846</b>

The 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, 2010

	General	Rainy Day	Fiscal Stabilization	Debt Service	Other	Totals
<b>Receipts:</b>						
Local sources	\$ 190,981	\$ 1,998	\$ -	\$ 1,015,645	\$ 1,253,683	\$ 2,462,307
Intermediate sources	32	-	-	-	94	126
State sources	3,943,402	-	-	-	54,373	3,997,775
Federal sources	-	-	148,387	-	450,999	599,386
Other	-	-	-	-	8,890	8,890
<b>Total receipts</b>	<b>4,134,415</b>	<b>1,998</b>	<b>148,387</b>	<b>1,015,645</b>	<b>1,768,039</b>	<b>7,068,484</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	2,229,591	-	318,613	-	309,923	2,858,127
Support services	1,339,271	-	154,227	-	682,279	2,175,777
Noninstructional services	87,608	-	12,561	-	324,951	425,120
Facilities acquisition and construction	-	-	-	-	102,757	102,757
Debt services	-	-	-	987,217	70,497	1,057,714
Nonprogrammed charges	245,516	-	-	-	-	245,516
<b>Total disbursements</b>	<b>3,901,986</b>	<b>-</b>	<b>485,401</b>	<b>987,217</b>	<b>1,490,407</b>	<b>6,865,011</b>
Excess (deficiency) of receipts over disbursements	232,429	1,998	(337,014)	28,428	277,632	203,473
<b>Other financing sources (uses):</b>						
Transfers in	13,750	100,000	-	-	9,429	123,179
Transfers out	(50,000)	-	-	-	(73,179)	(123,179)
<b>Total other financing sources (uses)</b>	<b>(36,250)</b>	<b>100,000</b>	<b>-</b>	<b>-</b>	<b>(63,750)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	196,179	101,998	(337,014)	28,428	213,882	203,473
Cash and investments - beginning	476,317	151,192	337,014	(4,526)	204,849	1,164,846
Cash and investments - ending	<u>\$ 672,496</u>	<u>\$ 253,190</u>	<u>\$ -</u>	<u>\$ 23,902</u>	<u>\$ 418,731</u>	<u>\$ 1,368,319</u>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 672,496	\$ 253,190	\$ -	\$ -	\$ 424,805	\$ 1,350,491
Restricted assets:						
Cash and investments	-	-	-	23,902	(6,074)	17,828
<b>Total cash and investment assets - ending</b>	<u>\$ 672,496</u>	<u>\$ 253,190</u>	<u>\$ -</u>	<u>\$ 23,902</u>	<u>\$ 418,731</u>	<u>\$ 1,368,319</u>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ 23,902	\$ (6,074)	\$ 17,828
Unrestricted	672,496	253,190	-	-	424,805	1,350,491
<b>Total cash and investment fund balance - ending</b>	<u>\$ 672,496</u>	<u>\$ 253,190</u>	<u>\$ -</u>	<u>\$ 23,902</u>	<u>\$ 418,731</u>	<u>\$ 1,368,319</u>

The 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, 2009

	<u>Pension</u> <u>Trust Funds</u>	<u>Private-Purpose</u> <u>Trust Funds</u>
Additions:		
Contributions	\$ -	\$ 11,663
Investment earnings	<u>1,303</u>	<u>-</u>
Total additions	<u>1,303</u>	<u>11,663</u>
Deductions:		
Benefits	5,060	-
Administrative and general	<u>-</u>	<u>11,624</u>
Total deductions	<u>5,060</u>	<u>11,624</u>
Excess (deficiency) of total additions over total deductions	(3,757)	39
Cash and investment fund balance - beginning	<u>81,339</u>	<u>45,350</u>
Cash and investment fund balance - ending	<u>\$ 77,582</u>	<u>\$ 45,389</u>
Net assets:		
Total net assets - cash and investment basis held in trust	<u>\$ 77,582</u>	<u>\$ 45,389</u>

The 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, 2010

	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>
Additions:		
Contributions:	\$ 820	\$ 15,944
Investment earnings:	<u>49</u>	<u>-</u>
Total additions	<u>869</u>	<u>15,944</u>
Deductions:		
Benefits	3,846	-
Administrative and general	<u>-</u>	<u>10,602</u>
Total deductions	<u>3,846</u>	<u>10,602</u>
Excess (deficiency) of total additions over total deductions	(2,977)	5,342
Cash and investment fund balance - beginning	<u>77,582</u>	<u>45,389</u>
Cash and investment fund balance - ending	<u>\$ 74,605</u>	<u>\$ 50,731</u>
Net assets:		
Total net assets - cash and investment basis held in trust	<u>\$ 74,605</u>	<u>\$ 50,731</u>

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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Cowan Community School Corporation

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

Joint Venture

The School Corporation is a participant in a joint venture to operate Area Vocational Education Co-op which was created to provide vocational education programs for students. The School Corporation was obligated by contract to remit \$35,949 and \$34,232, respectively, for the years ending June 30, 2009 and 2010, to supplement the Area Vocational Education Co-op. Complete financial statements for the Area Vocational Education 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 in a joint venture to operate Delaware/Blackford Special Education Co-op which was created to provide instruction for handicapped children. The School Corporation was obligated by contract to remit \$269,276 and \$194,068, respectively, for the years ending June 30, 2009 and 2010, to supplement the Delaware/Blackford Special Education Co-op. Complete financial statements for the Delaware/Blackford Special Education 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 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 was obligated by contract to remit \$16,450 and \$8,000 respectively, for the years ending June 30, 2009 and 2010, to supplement the Delaware/Muncie Community Priority School Co-op. Complete financial statements for the Delaware/Muncie Community Priority School 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 in a joint venture to operate the East Central Indiana Natural Gas Cooperative which was created to provide natural gas for member school corporations. The School Corporation was obligated by contract to remit \$4,192 and \$4,056, respectively, for the years ending June 30, 2009 and 2010, to supplement the East Central Indiana Natural Gas Cooperative. Complete financial statements for the East Central Indiana Natural Gas Cooperative can be obtained from 1601 Indiana Avenue, Connersville, IN 47331.

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

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

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The Rainy Day Fund accounts for financial resources that may be used in the future.

The Fiscal Stabilization Fund accounts for financial resources that the federal government granted to local schools

The Debt Service Fund accounts for financial resources that are used to pay debt incurred by the School Corporation.

Additionally, the School Corporation reports the following fund types:

The pension trust funds account for the activities of the retirement/severance bond fund which accumulate resources for pension benefit payments.

The private-purpose trust funds report trust arrangements under which principal and income benefit the students of the School Corporation.

C. Measurement Focus and Basis of Accounting

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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

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

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

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

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

D. Assets and Cash and Investment Balances

1. Restricted Assets

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

2. Cash and Investments

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

3. Property Taxes

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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

E. Receipts and Disbursements

Program Receipts

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

F. Internal and Interfund Activities

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

Fund Financial Statements

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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

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

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

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.

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 Deficits

At June 30, 2009 and 2010, the following funds reported deficits in cash, which are violations of the Uniform Compliance Guidelines as authorized by state statute:

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Fund	2009	2010
Debt Service	\$ 4,526	\$ -
Retirement/Severance Bond	1,006	6,074
Capital Projects	57,886	-
School Bus Replacement	460	-

The cash and investment deficit arose primarily from disbursements exceeding receipts due to the underestimate of current requirements; this deficit is to be repaid from future receipts.

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. 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. All funds will be deposited at an approved depository. At June 30, 2010, the School Corporation had deposit balances in the amount of \$1,562,303.

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
General Fund	Rainy Day Fund	\$ 100,000	\$ 50,000
Other Governmental Funds	General Fund	-	13,750
Other Governmental Funds	Rainy Day Fund	-	50,000
Other Governmental Funds	Other Governmental Funds	11,963	9,429
Totals		<u>\$ 111,963</u>	<u>\$ 123,179</u>

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

C. Restatements and Reclassifications

For the year ended June 30, 2008, certain changes have been made to the financial statements to more appropriately reflect the financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances by opinion unit. Prior period adjustments represent three funds (Elementary/High School Donation Fund, Elementary Target Donation Fund, and the Ball Brothers Wellness Grant) that were reported as governmental funds in the prior report, but are reported as private purpose trust funds in this report.

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Opinion Unit	Balance as Reported June 30, 2008	Prior Period Adjustments	Balance as Restated July 1, 2008
Governmental Funds	\$ 1,020,267	\$ (45,350)	\$ 974,917
Fiduciary Funds	81,339	45,350	126,689

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, and dependents; and natural disasters.

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

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

Risk financing is not utilized for the other risks of loss.

B. 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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF. The total contributions made to PERF by the School Corporation during the period were \$68,783.

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.

The School Corporation's contributions to the plan during the period were \$191,564.

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, 2009

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plate	Safe School Haven
<b>Receipts:</b>						
Local sources	\$ 286,668	\$ 4,243	\$ 237,926	\$ 76,006	\$ 35	\$ -
Intermediate sources	-	-	-	-	150	-
State sources	-	16,764	6,154	10,534	-	1,000
Federal sources	-	-	95,060	-	-	-
Temporary loans	81,000	-	-	-	-	-
Other	-	-	943	-	-	-
<b>Total receipts</b>	<b>367,668</b>	<b>21,007</b>	<b>340,083</b>	<b>86,540</b>	<b>185</b>	<b>1,000</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	20,846	-	-	-	-
Support services	275,762	-	1,459	105,977	683	818
Noninstructional services	-	-	331,366	-	-	-
Facilities acquisition and construction	4,529	-	-	-	-	-
Debt services	81,000	-	-	-	-	-
<b>Total disbursements</b>	<b>361,291</b>	<b>20,846</b>	<b>332,825</b>	<b>105,977</b>	<b>683</b>	<b>818</b>
Excess (deficiency) of receipts over disbursements	6,377	161	7,258	(19,437)	(498)	182
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	6,377	161	7,258	(19,437)	(498)	182
Cash and investments - beginning	15,358	10,005	78,227	97,089	2,852	-
Cash and investments - ending	\$ 21,735	\$ 10,166	\$ 85,485	\$ 77,652	\$ 2,354	\$ 182
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 21,735	\$ 10,166	\$ 85,485	\$ 77,652	\$ 2,354	\$ 182
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 21,735</b>	<b>\$ 10,166</b>	<b>\$ 85,485</b>	<b>\$ 77,652</b>	<b>\$ 2,354</b>	<b>\$ 182</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	21,735	10,166	85,485	77,652	2,354	182
<b>Total cash and investment fund balance - ending</b>	<b>\$ 21,735</b>	<b>\$ 10,166</b>	<b>\$ 85,485</b>	<b>\$ 77,652</b>	<b>\$ 2,354</b>	<b>\$ 182</b>

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, 2009  
 (Continued)

	Early Intervention Grant	Gifted/Talented 2007-2008	Gifted/Talented 2008-2009	Indiana Access Linux Certification Grant	Consolidation Study	Beginning Teacher Mentorship
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	24,589	-	28,088	-	-	-
Federal sources	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>24,589</b>	<b>-</b>	<b>28,088</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	3,483	24,730	-	-	-
Support services	24,576	-	-	305	19,630	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>24,576</b>	<b>3,483</b>	<b>24,730</b>	<b>305</b>	<b>19,630</b>	<b>-</b>
Excess (deficiency) of receipts over disbursements	13	(3,483)	3,358	(305)	(19,630)	-
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	13	(3,483)	3,358	(305)	(19,630)	-
Cash and investments - beginning	-	3,483	-	305	24,377	22
Cash and investments - ending	\$ 13	\$ -	\$ 3,358	\$ -	\$ 4,747	\$ 22
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 13	\$ -	\$ 3,358	\$ -	\$ 4,747	\$ 22
<b>Restricted assets:</b>						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 3,358</b>	<b>\$ -</b>	<b>\$ 4,747</b>	<b>\$ 22</b>
<b>Cash and Investment Fund Balance - Ending</b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	13	-	3,358	-	4,747	22
<b>Total cash and investment fund balance - ending</b>	<b>\$ 13</b>	<b>\$ -</b>	<b>\$ 3,358</b>	<b>\$ -</b>	<b>\$ 4,747</b>	<b>\$ 22</b>

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, 2009  
 (Continued)

	Section 125 Balance	Title I 2007-2008	Title I 2008-2009	Title V 2007-2008	Title V 2008-2009	P L 94-142 2007-2008
<b>Receipts:</b>						
Local sources	\$ 2,134	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	-	-	79,424	-	1,000	-
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>2,134</b>	<b>-</b>	<b>79,424</b>	<b>-</b>	<b>1,000</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	148	14,518	41,199	-	-	1,302
Support services	192	-	29,528	59	966	-
Noninstructional services	-	-	339	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>340</b>	<b>14,518</b>	<b>71,066</b>	<b>59</b>	<b>966</b>	<b>1,302</b>
Excess (deficiency) of receipts over disbursements	1,794	(14,518)	8,358	(59)	34	(1,302)
<b>Other financing sources (uses):</b>						
Transfers in	-	-	10,963	-	-	-
Transfers out	-	(10,963)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>(10,963)</b>	<b>10,963</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,794	(25,481)	19,321	(59)	34	(1,302)
Cash and investments - beginning	1,918	25,481	-	59	-	1,303
Cash and investments - ending	\$ 3,712	\$ -	\$ 19,321	\$ -	\$ 34	\$ 1
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,712	\$ -	\$ 19,321	\$ -	\$ 34	\$ 1
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 3,712</b>	<b>\$ -</b>	<b>\$ 19,321</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ 1</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,712	-	19,321	-	34	1
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,712</b>	<b>\$ -</b>	<b>\$ 19,321</b>	<b>\$ -</b>	<b>\$ 34</b>	<b>\$ 1</b>

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, 2009  
 (Continued)

	P L 94-142 2006-2007	Drug Free Schools 2008-2009	Drug Free Schools 2007-2008	Professional Development Schooling	Title II Part A 2008-2009	Title II Part A 2007-2008
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	131,193	1,809	-	-	4,828	18,308
Temporary loans	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>131,193</b>	<b>1,809</b>	<b>-</b>	<b>-</b>	<b>4,828</b>	<b>18,308</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	127,947	150	1,200	779	-	14,744
Support services	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>127,947</b>	<b>150</b>	<b>1,200</b>	<b>779</b>	<b>-</b>	<b>14,744</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,246</b>	<b>1,659</b>	<b>(1,200)</b>	<b>(779)</b>	<b>4,828</b>	<b>3,564</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	1,000	-	-
Transfers out	-	-	-	-	(1,000)	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,000</b>	<b>(1,000)</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>3,246</b>	<b>1,659</b>	<b>(1,200)</b>	<b>221</b>	<b>3,828</b>	<b>3,564</b>
<b>Cash and investments - beginning</b>	<b>106</b>	<b>-</b>	<b>1,628</b>	<b>729</b>	<b>(828)</b>	<b>-</b>
<b>Cash and investments - ending</b>	<b>\$ 3,352</b>	<b>\$ 1,659</b>	<b>\$ 428</b>	<b>\$ 950</b>	<b>\$ 3,000</b>	<b>\$ 3,564</b>
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 3,352	\$ 1,659	\$ 428	\$ 950	\$ 3,000	\$ 3,564
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 3,352</b>	<b>\$ 1,659</b>	<b>\$ 428</b>	<b>\$ 950</b>	<b>\$ 3,000</b>	<b>\$ 3,564</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	3,352	1,659	428	950	3,000	3,564
<b>Total cash and investment fund balance - ending</b>	<b>\$ 3,352</b>	<b>\$ 1,659</b>	<b>\$ 428</b>	<b>\$ 950</b>	<b>\$ 3,000</b>	<b>\$ 3,564</b>

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, 2009  
 (Continued)

	Title I Fiscal Stimulus	Retirement/ Severance Bond	Capital Projects	School Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 93,323	\$ 260,280	\$ 46,633	\$ 1,007,248
Intermediate sources	-	-	-	-	150
State sources	-	-	-	-	87,129
Federal sources	22,466	-	-	-	354,088
Temporary loans	-	-	-	-	81,000
Other	-	-	-	-	943
<b>Total receipts</b>	<u>22,466</u>	<u>93,323</u>	<u>260,280</u>	<u>46,633</u>	<u>1,530,558</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	251,046
Support services	-	-	224,047	151,394	835,396
Noninstructional services	-	-	-	-	331,705
Facilities acquisition and construction	-	-	104,472	-	109,001
Debt services	-	94,329	-	-	175,329
<b>Total disbursements</b>	<u>-</u>	<u>94,329</u>	<u>328,519</u>	<u>151,394</u>	<u>1,702,477</u>
Excess (deficiency) of receipts over disbursements	<u>22,466</u>	<u>(1,006)</u>	<u>(68,239)</u>	<u>(104,761)</u>	<u>(171,919)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	11,963
Transfers out	-	-	-	-	(11,963)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	22,466	(1,006)	(68,239)	(104,761)	(171,919)
Cash and investments - beginning	-	-	10,353	104,301	376,768
Cash and investments - ending	<u>\$ 22,466</u>	<u>\$ (1,006)</u>	<u>\$ (57,886)</u>	<u>\$ (460)</u>	<u>\$ 204,849</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 22,466	\$ -	\$ (57,886)	\$ (460)	\$ 205,855
Restricted assets:					
Cash and investments	-	(1,006)	-	-	(1,006)
<b>Total cash and investment assets - ending</b>	<u>\$ 22,466</u>	<u>\$ (1,006)</u>	<u>\$ (57,886)</u>	<u>\$ (460)</u>	<u>\$ 204,849</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ (1,006)	\$ -	\$ -	\$ (1,006)
Unrestricted	22,466	-	(57,886)	(460)	205,855
<b>Total cash and investment fund balance - ending</b>	<u>\$ 22,466</u>	<u>\$ (1,006)</u>	<u>\$ (57,886)</u>	<u>\$ (460)</u>	<u>\$ 204,849</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, 2010

	Transportation Operating	Special Education Preschool	School Lunch	Textbook Rental	Educational License Plate	Safe School Haven
<b>Receipts:</b>						
Local sources	\$ 374,444	\$ -	\$ 242,001	\$ 79,749	\$ 30	\$ -
Intermediate sources	-	-	-	-	94	-
State sources	-	6,875	5,926	12,477	-	-
Federal sources	-	-	119,872	-	-	-
Other	-	-	8,890	-	-	-
<b>Total receipts</b>	<b>374,444</b>	<b>6,875</b>	<b>376,689</b>	<b>92,226</b>	<b>124</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	3,291	-	-	-	-
Support services	240,139	-	11,046	97,143	-	182
Noninstructional services	-	-	324,794	-	-	-
Facilities acquisition and construction	2,642	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>242,781</b>	<b>3,291</b>	<b>335,840</b>	<b>97,143</b>	<b>-</b>	<b>182</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>131,663</b>	<b>3,584</b>	<b>40,849</b>	<b>(4,917)</b>	<b>124</b>	<b>(182)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	(50,000)	(13,750)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(50,000)</b>	<b>(13,750)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>81,663</b>	<b>(10,166)</b>	<b>40,849</b>	<b>(4,917)</b>	<b>124</b>	<b>(182)</b>
<b>Cash and investments - beginning</b>	<b>21,735</b>	<b>10,166</b>	<b>85,485</b>	<b>77,652</b>	<b>2,354</b>	<b>182</b>
<b>Cash and investments - ending</b>	<b>\$ 103,398</b>	<b>\$ -</b>	<b>\$ 126,334</b>	<b>\$ 72,735</b>	<b>\$ 2,477</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 103,398	\$ -	\$ 126,334	\$ 72,735	\$ 2,477	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 103,398</b>	<b>\$ -</b>	<b>\$ 126,334</b>	<b>\$ 72,735</b>	<b>\$ 2,477</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	103,398	-	126,334	72,735	2,477	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 103,398</b>	<b>\$ -</b>	<b>\$ 126,334</b>	<b>\$ 72,735</b>	<b>\$ 2,477</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Early Intervention Grant	Gifted/Talented 2009-2010	Gifted/Talented 2008-2009	Consolidation Study	Beginning Teacher Mentorship	Section 125 Balance
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 197
Intermediate sources	-	-	-	-	-	-
State sources	-	28,095	-	-	-	-
Federal sources	-	-	-	-	-	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>28,095</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>197</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	-	27,110	3,358	-	-	473
Support services	14	-	-	15	-	340
Noninstructional services	-	-	-	-	-	48
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>14</b>	<b>27,110</b>	<b>3,358</b>	<b>15</b>	<b>-</b>	<b>861</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(14)</b>	<b>985</b>	<b>(3,358)</b>	<b>(15)</b>	<b>-</b>	<b>(664)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(14)</b>	<b>985</b>	<b>(3,358)</b>	<b>(15)</b>	<b>-</b>	<b>(664)</b>
<b>Cash and investments - beginning</b>	<b>14</b>	<b>-</b>	<b>3,358</b>	<b>4,747</b>	<b>22</b>	<b>3,712</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 985</b>	<b>\$ -</b>	<b>\$ 4,732</b>	<b>\$ 22</b>	<b>\$ 3,048</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 985	\$ -	\$ 4,732	\$ 22	\$ 3,048
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 985</b>	<b>\$ -</b>	<b>\$ 4,732</b>	<b>\$ 22</b>	<b>\$ 3,048</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	985	-	4,732	22	3,048
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 985</b>	<b>\$ -</b>	<b>\$ 4,732</b>	<b>\$ 22</b>	<b>\$ 3,048</b>

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, 2010  
 (Continued)

	Title I 2009-2010	Title I 2008-2009	Title V 2007-2008	Title V 2008-2009	P L 94-142 2007-2008	P L 94-142 2006-2007
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	70,204	-	333	-	139,666	-
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>70,204</b>	<b>-</b>	<b>333</b>	<b>-</b>	<b>139,666</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	32,647	10	-	-	113,720	3,352
Support services	35,993	9,882	333	34	-	-
Noninstructional services	109	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>68,749</b>	<b>9,892</b>	<b>333</b>	<b>34</b>	<b>113,720</b>	<b>3,352</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>1,455</b>	<b>(9,892)</b>	<b>-</b>	<b>(34)</b>	<b>25,946</b>	<b>(3,352)</b>
<b>Other financing sources (uses):</b>						
Transfers in	9,429	-	-	-	-	-
Transfers out	-	(9,429)	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>9,429</b>	<b>(9,429)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>10,884</b>	<b>(19,321)</b>	<b>-</b>	<b>(34)</b>	<b>25,946</b>	<b>(3,352)</b>
<b>Cash and investments - beginning</b>	<b>-</b>	<b>19,321</b>	<b>-</b>	<b>34</b>	<b>1</b>	<b>3,352</b>
<b>Cash and investments - ending</b>	<b>\$ 10,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,947</b>	<b>\$ -</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 10,884	\$ -	\$ -	\$ -	\$ 25,947	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 10,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,947</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
<b>Restricted for:</b>						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	10,884	-	-	-	25,947	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 10,884</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 25,947</b>	<b>\$ -</b>

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, 2010  
 (Continued)

	Drug Free Schools 2008-2009	Drug Free Schools 2007-2008	Professional Development Schooling	Title II Part A 2008-2009	Title II Part A 2007-2008	Title I Fiscal Stimulus
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	1,000	-	-	-
Federal sources	-	670	-	16,196	3,000	22,465
Other	-	-	-	-	-	-
<b>Total receipts</b>	<b>-</b>	<b>670</b>	<b>1,000</b>	<b>16,196</b>	<b>3,000</b>	<b>22,465</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	1,659	-	1,051	14,891	3,115	34,452
Support services	-	428	-	551	609	-
Noninstructional services	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>1,659</b>	<b>428</b>	<b>1,051</b>	<b>15,442</b>	<b>3,724</b>	<b>34,452</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>(1,659)</b>	<b>242</b>	<b>(51)</b>	<b>754</b>	<b>(724)</b>	<b>(11,987)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>(1,659)</b>	<b>242</b>	<b>(51)</b>	<b>754</b>	<b>(724)</b>	<b>(11,987)</b>
<b>Cash and investments - beginning</b>	<b>1,659</b>	<b>428</b>	<b>950</b>	<b>3,000</b>	<b>3,564</b>	<b>22,466</b>
<b>Cash and investments - ending</b>	<b>\$ -</b>	<b>\$ 670</b>	<b>\$ 899</b>	<b>\$ 3,754</b>	<b>\$ 2,840</b>	<b>\$ 10,479</b>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ -	\$ 670	\$ 899	\$ 3,754	\$ 2,840	\$ 10,479
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ -</b>	<b>\$ 670</b>	<b>\$ 899</b>	<b>\$ 3,754</b>	<b>\$ 2,840</b>	<b>\$ 10,479</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	670	899	3,754	2,840	10,479
<b>Total cash and investment fund balance - ending</b>	<b>\$ -</b>	<b>\$ 670</b>	<b>\$ 899</b>	<b>\$ 3,754</b>	<b>\$ 2,840</b>	<b>\$ 10,479</b>

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, 2010  
 (Continued)

	Special Education Fiscal Stimulus	Retirement/ Severance Bond	Capital Projects	School Bus Replacement	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ 65,429	\$ 371,110	\$ 120,723	\$ 1,253,683
Intermediate sources	-	-	-	-	94
State sources	-	-	-	-	54,373
Federal sources	78,593	-	-	-	450,999
Other	-	-	-	-	8,890
<b>Total receipts</b>	<u>78,593</u>	<u>65,429</u>	<u>371,110</u>	<u>120,723</u>	<u>1,768,039</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	70,794	-	-	-	309,923
Support services	6,153	-	209,667	69,750	682,279
Noninstructional services	-	-	-	-	324,951
Facilities acquisition and construction	-	-	100,115	-	102,757
Debt services	-	70,497	-	-	70,497
<b>Total disbursements</b>	<u>76,947</u>	<u>70,497</u>	<u>309,782</u>	<u>69,750</u>	<u>1,490,407</u>
Excess (deficiency) of receipts over disbursements	<u>1,646</u>	<u>(5,068)</u>	<u>61,328</u>	<u>50,973</u>	<u>277,632</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	9,429
Transfers out	-	-	-	-	(73,179)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,750)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,646	(5,068)	61,328	50,973	213,882
Cash and investments - beginning	-	(1,006)	(57,886)	(460)	204,849
Cash and investments - ending	<u>\$ 1,646</u>	<u>\$ (6,074)</u>	<u>\$ 3,442</u>	<u>\$ 50,513</u>	<u>\$ 418,731</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 1,646	\$ -	\$ 3,442	\$ 50,513	\$ 424,805
Restricted assets:					
Cash and investments	-	(6,074)	-	-	(6,074)
<b>Total cash and investment assets - ending</b>	<u>\$ 1,646</u>	<u>\$ (6,074)</u>	<u>\$ 3,442</u>	<u>\$ 50,513</u>	<u>\$ 418,731</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ (6,074)	\$ -	\$ -	\$ (6,074)
Unrestricted	1,646	-	3,442	50,513	424,805
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,646</u>	<u>\$ (6,074)</u>	<u>\$ 3,442</u>	<u>\$ 50,513</u>	<u>\$ 418,731</u>

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

	<u>Elementary/ High School Donation</u>	<u>Elementary Target Donation</u>	<u>Ball Brothers Wellness Grant</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 11,000	\$ 663	\$ -	\$ 11,663
Deductions:				
Administrative and general	<u>8,976</u>	<u>808</u>	<u>1,840</u>	<u>11,624</u>
Excess (deficiency) of total additions over total deductions	2,024	(145)	(1,840)	39
Cash and investment fund balance - beginning	<u>39,490</u>	<u>1,661</u>	<u>4,199</u>	<u>45,350</u>
Cash and investments - June 30	<u>\$ 41,514</u>	<u>\$ 1,516</u>	<u>\$ 2,359</u>	<u>\$ 45,389</u>
Net assets:				
Total net assets - cash and investment basis held in trust	<u>\$ 41,514</u>	<u>\$ 1,516</u>	<u>\$ 2,359</u>	<u>\$ 45,389</u>

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

	<u>Elementary/ High School Donation</u>	<u>Elementary Target Donation</u>	<u>Ball Brothers Wellness Grant</u>	<u>Totals</u>
Additions:				
Contributions:				
Other	\$ 15,699	\$ 245	\$ -	\$ 15,944
Deductions:				
Administrative and general	<u>10,140</u>	<u>462</u>	<u>-</u>	<u>10,602</u>
Excess (deficiency) of total additions over total deductions	5,559	(217)	-	5,342
Cash and investment fund balance - beginning	<u>41,514</u>	<u>1,516</u>	<u>2,359</u>	<u>45,389</u>
Cash and investments - June 30	<u>\$ 47,073</u>	<u>\$ 1,299</u>	<u>\$ 2,359</u>	<u>\$ 50,731</u>
Net assets:				
Total net assets - cash and investment basis held in trust	<u>\$ 47,073</u>	<u>\$ 1,299</u>	<u>\$ 2,359</u>	<u>\$ 50,731</u>

COWAN COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For the Year Ended June 30, 2010

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

General infrastructure assets are not applicable to a school corporation.

Primary Government	Ending Balance
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 260,000
Buildings	16,601,128
Improvements other than buildings	2,171,659
Machinery and Equipment	1,226,259
Total governmental activities, capital assets not being depreciated	<u>\$ 20,259,046</u>

COWAN COMMUNITY SCHOOL CORPORATION  
 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:		
Notes and loans payable	\$ 6,332,091	\$ 824,806
Bonds payable:		
General obligation bonds:		
Elementary Roof	90,000	63,677
Pension	<u>280,000</u>	<u>72,919</u>
Total governmental activities debt	<u>\$ 6,702,091</u>	<u>\$ 961,402</u>

COWAN COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OVERDRAWN CASH BALANCES

The cash balances of the Debt Service Fund, Retirement/Severance Bond Fund, School Bus Replacement Fund, and the Capital Projects Fund were overdrawn in Fiscal Year 2008-2009. The cash balance of the Retirement/Severance Bond Fund was overdrawn in Fiscal Year 2009-2010.

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)

CONDITION OF RECORDS

Financial records presented for audit did not include the following fund investments:

Elementary/High School Donation	\$ 19,500
Retirement/Severance Bond	74,000
School Lunch	45,000
Rainy Day	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)

INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a significant deficiency:

Lack of Segregation of Duties:

Control activities were not selected and developed to reduce the risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to the processing of receipts. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

Compliance

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

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2009 and 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2010-2 and 2010-3.

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

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)

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.

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.

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the School Corporation's management, the Cowan Community School Corporation 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 13, 2011

COWAN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2009 and 2010

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-09	Total Federal Awards Expended 06-30-10
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 08-09 FY 09-10	\$ 23,951 -	\$ - 30,231
National School Lunch Program	10.555	FY 08-09 FY 09-10	90,692 -	- 114,485
Total for federal grantor agency			<u>114,643</u>	<u>144,716</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	08-1900 09-1900 10-1900	25,481 71,066 -	- 19,321 68,748
Total for program			<u>96,547</u>	<u>88,069</u>
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	10-1900	-	34,452
Total for cluster			<u>96,547</u>	<u>122,521</u>
Pass-Through Muncie Community School Corporation Special Education Cluster Special Education - Grants to States	84.027	14208-10-PN01 14209-10-PN01 14210-10-PN01	1,302 127,947 -	- 3,352 113,720
Total for program			<u>129,249</u>	<u>117,072</u>
ARRA - Special Education - Grants to States, Recovery Act	84.391	10-1900	-	76,947
Total for cluster			<u>129,249</u>	<u>194,019</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	FY 2009-2010	-	485,400
Safe and Drug-Free Schools and Communities - State Grants	84.186	1900-07 08-1900 09-1900	1,200 150 -	- 1,659 428
Total for program			<u>1,350</u>	<u>2,087</u>
State Grants for Innovative Programs	84.298	FY 2007-2008 FY 2008-2009	59 966	333 34
Total for program			<u>1,025</u>	<u>367</u>
Improving Teacher Quality State Grants	84.367	07-1900 08-1900 09-1900	14,744 - -	- 16,442 3,724
Total for program			<u>14,744</u>	<u>20,166</u>
Total for federal grantor agency			<u>242,915</u>	<u>824,560</u>
Total federal awards expended			<u>\$ 357,558</u>	<u>\$ 969,276</u>

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

COWAN COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

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

Program Title	Federal CFDA Number	2009	2010
School Breakfast Program	10.553	\$ 4,091	\$ 5,190
National School Lunch Program	10.555	15,492	19,654

COWAN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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?	no

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? yes

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? no

Section II – Financial Statement Findings

Finding 2010-1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting. We believe the following deficiency constitutes a significant deficiency:

Lack of Segregation of Duties:

Control activities were not selected and developed to reduce the risks to the achievement of financial reporting objectives. The School Corporation has not separated incompatible activities related to the processing of receipts. The failure to establish these controls could enable material misstatements or irregularities to go undetected.

COWAN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets and all forms of information processing are necessary for proper internal control.

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)

Section III – Federal Award Findings and Questioned Costs

Finding 2010-2, SPECIAL EDUCATION CLUSTER - CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027 and 84.391  
Pass-Through Entity: Indiana Department of Education

The drawdown schedule for the Special Education Basic grant distributions for the Cowan Community School Corporation were prepared by the Muncie Community Schools (the LEA). Five of the twelve months reviewed in 2009-2010 had surplus ending cash balances for CFDA Number 84.027. Four of the twelve months reviewed in 2009-2010 had surplus ending cash balances for CFDA Number 84.391.

EDGAR 34 CFR 80.20 (b)(7) states in part: "Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and the federal requirements may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original Special Education grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

FINDING 2010-3, STATE FISCAL STABILIZATION FUND CLUSTER - CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: State Fiscal Stabilization Fund Cluster  
CFDA Number: 84.394  
Pass-Through Entity: Indiana Department of Education

The Cowan Community School Corporation received a State Fiscal Stabilization Fund Cluster check for \$337,013.72 on June 8, 2009. The ending cash balances for June 30, July 31, August 31, September 30 and October 31 were \$337,013.72, \$336,846.78, \$336,797.68, \$125,503.70, and \$0.00, respectively.

COWAN COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

EDGAR 34 CFR 80.20 (b)(7) states in part: "Cash Management. Procedures for minimizing the time elapsing between the transfer of funds from the U.S. Treasury and disbursement by grantees and subgrantees must be followed whenever advance payment procedures are used . . . Grantees must monitor cash drawdowns by their subgrantees to assure that they conform substantially to the same standards of timing and amount as apply to advances to the grantees."

Failure to minimize the cash on hand as determined by the grant agreement and federal requirements may cause future funding to be reduced by the pass-through agency.

We recommended that the School Corporation attempt to match their budgeted expenditures with the drawdown requests included in the original State Fiscal Stabilization Fund Cluster grant application and monitor monthly cash balances with the goal to minimize the amount of cash on hand at the end of the month.

COWAN COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

COWAN COMMUNITY SCHOOL CORPORATION  
CORRECTIVE PLAN OF ACTION  
JANUARY 13, 2011

Finding 2010 – 1, INTERNAL CONTROLS OVER FINANCIAL TRANSACTIONS AND REPORTING

Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number: 84.027A and 84.319A  
Pass-Through Entity: Indiana Department of Education

We are a small public school corporation and each employee does several different jobs. At this time due to budget constraints it would not be possible to hire additional staff.

Finding 2010 -2, SPECIAL EDUCATION CLUSTER – CASH MANAGEMENT

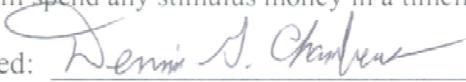
Federal Agency: U.S. Department of Education  
Federal Program: Special Education Cluster  
CFDA Number:84.027A and 84.319A  
Pass-Through Entity: Indiana Department of Education

Previously Muncie Community Schools gave us our portion of this grant in four quarterly payments during the school year. Beginning with the 2010-2011 school year, we are requesting the cash needed for expenses we have incurred for thirty days at a time. The cash request is submitted on the 15<sup>th</sup> and 30<sup>th</sup> day of each month for reimbursed expenses.

Finding 2010 – 3, STATE FISCAL STABILIZATION FUND CLUSTER – CASH MANAGEMENT

Federal Agency: U.S. Department of Education  
Federal Program: State Fiscal Stabilization Fund Cluster  
CFDA Number:84.394  
Pass-Through Entity: Indiana Department of Education

We received this money in place of our tuition support payment that we receive from the Indiana Department of Education each month. We had received a letter from the Office of School Finance which indicated that we had until October 31, 2009 to spend these funds. In the future, we will spend any stimulus money in a timelier manner.

Signed:   
Dennis Chambers, Supt.

Signed:   
Alan Wright, Board President

Signed:   
Janet McIntosh, Treasurer

COWAN COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 13, 2011, with Janet L. McIntosh, Treasurer; Dennis G. Chambers, Superintendent of Schools; and Alan Wright, President of the School Board. The officials concurred with our audit findings.