

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

COWAN COMMUNITY SCHOOL CORPORATION
DELAWARE COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
10/01/2015

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Janet L. McIntosh	07-01-12 to 06-30-16
Superintendent of Schools	Dennis G. Chambers	07-01-12 to 06-30-16
President of the School Board	Michael Downham Alan Wright Michael VanHorn Michael Downham	07-01-11 to 12-31-12 01-01-13 to 12-31-13 01-01-14 to 12-31-14 01-01-15 to 12-31-15



STATE OF INDIANA
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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Cowan Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

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


Other Information

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

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued a report dated August 12, 2015, 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* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

August 12, 2015



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

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

We have audited, 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, the financial statement of the Cowan Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated August 12, 2015, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be material weaknesses.

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

Compliance and Other Matters


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

Cowan Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

August 12, 2015

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

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COWAN COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Years Ended June 30, 2013 and 2014

	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 799,077	\$ 4,627,940	\$ 4,637,955	\$ -	\$ 789,062	\$ 4,520,810	\$ 4,551,243	\$ -	\$ 758,629
Debt Service	451,606	784,628	801,664	-	434,570	783,129	786,481	-	431,218
Retirement/Severance Bond Debt Service	36,905	68,162	67,261	-	37,806	51,071	69,312	-	19,565
Capital Projects	139,008	385,230	306,044	-	218,194	383,624	335,385	-	266,433
School Transportation	203,631	306,973	320,003	-	190,601	337,128	292,341	(80,000)	155,388
School Bus Replacement	148,168	116,311	153,970	-	110,509	131,132	-	-	241,641
Rainy Day	322,402	26,500	39,301	-	309,601	-	-	80,000	389,601
Retirement/Severance Bond	71,089	-	-	-	71,089	-	2,850	-	68,239
Construction	-	-	-	-	-	-	101,865	715,000	613,135
School Lunch	243,593	392,963	364,752	-	271,804	392,457	436,043	-	228,218
Textbook Rental	81,196	100,691	70,384	-	111,503	103,822	97,785	-	117,540
Educational License Plates	2,561	112	-	-	2,673	150	-	-	2,823
Elem/HS Donation PTO Funds	62,914	27,751	24,270	-	66,395	31,978	27,132	-	71,241
Elem Target Donation	893	507	383	-	1,017	609	1,138	-	488
Ball Brothers Wellness Grant	1,939	-	259	-	1,680	-	-	-	1,680
Gifted/Talented 2010-2011	-	27,069	27,069	-	-	-	-	-	-
Gifted/Talented 2013-2014	-	-	-	-	-	26,854	26,344	-	510
Education Technology	-	22,372	22,372	-	-	21,532	21,532	-	-
Secured Schools Safety Grant	-	-	-	-	-	-	13,629	-	(13,629)
School Technology	2,055	7,797	7,797	-	2,055	7,793	7,797	-	2,051
Consolidation Study	4,732	-	-	-	4,732	-	-	-	4,732
Section 125 Balance	2,978	754	788	-	2,944	-	903	-	2,041
E-Rate Funding	7,761	1,349	3,776	-	5,334	1,586	602	-	6,318
Senator David Ford Technology	-	-	-	-	-	59,714	59,714	-	-
Title I 2011-2012	(2,739)	17,448	14,709	-	-	-	-	-	-
Title I 2010-2011	-	75,036	80,033	-	(4,997)	20,512	15,515	-	-
Title I 2013-2014	-	-	-	-	-	57,949	59,870	-	(1,921)
PL94-142 2011-2012	(30,198)	52,213	22,015	-	-	-	-	-	-
PL94-142 2010-2011	-	109,041	121,377	-	(12,336)	47,237	34,901	-	-
PL94-142 2013-2014	-	-	-	-	-	116,356	137,438	-	(21,082)
Technical Assistant 2013-2014	-	-	-	-	-	120	3,558	-	(3,438)
PL105-17 (IDEA Part B)	-	-	67,585	-	(67,585)	70,000	2,415	-	-
Professional Development School	36	-	-	-	36	-	36	-	-
Title II Part A 2010-2011	-	17,470	17,470	-	-	-	-	-	-
Title II Part A 2011-2012	(655)	655	-	-	-	-	-	-	-
Title II Part A 2013-2014	-	-	-	-	-	15,509	15,509	-	-
Education Jobs	(5,015)	37,303	32,288	-	-	-	-	-	-
Payroll Clearing Funds	(17)	1,025,688	1,025,746	-	(75)	1,011,219	1,011,242	-	(98)
Prepaid Lunch	-	239,087	237,122	-	1,965	225,231	225,383	-	1,813
Totals	\$ 2,543,920	\$ 8,471,050	\$ 8,466,393	\$ -	\$ 2,548,577	\$ 8,417,522	\$ 8,337,963	\$ 715,000	\$ 3,343,136

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

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

C. Cash and Investments

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

D. Receipts

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

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

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

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

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

E. Disbursements

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

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

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

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

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

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

F. Other Financing Sources and Uses

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

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

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

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

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

Note 4. Deposits and Investments

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

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 5. Risk Management

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

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

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

COWAN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

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

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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

Note 7. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is the result of reimbursements for expenditures made by the School Corporation that were not received by June 30, 2013 and 2014.

OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

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

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

COWAN COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 799,077	\$ 451,606	\$ 36,905	\$ 139,008	\$ 203,631	\$ 148,168	\$ 322,402	\$ 71,089
Receipts:								
Local sources	103,470	784,628	68,162	373,002	306,973	116,311	-	-
Intermediate sources	49	-	-	-	-	-	-	-
State sources	4,524,421	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	12,228	-	-	-	-
Other	-	-	-	-	-	-	26,500	-
Total receipts	4,627,940	784,628	68,162	385,230	306,973	116,311	26,500	-
Disbursements:								
Current:								
Instruction	3,030,021	-	-	-	-	-	-	-
Support services	1,514,203	6,634	-	258,727	320,003	153,970	-	-
Noninstructional services	93,731	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	47,317	-	-	39,301	-
Debt services	-	795,030	67,261	-	-	-	-	-
Total disbursements	4,637,955	801,664	67,261	306,044	320,003	153,970	39,301	-
Excess (deficiency) of receipts over disbursements	(10,015)	(17,036)	901	79,186	(13,030)	(37,659)	(12,801)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,015)	(17,036)	901	79,186	(13,030)	(37,659)	(12,801)	-
Cash and investments - ending	\$ 789,062	\$ 434,570	\$ 37,806	\$ 218,194	\$ 190,601	\$ 110,509	\$ 309,601	\$ 71,089

COWAN COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Construction	School Lunch	Textbook Rental	Educational License Plates	Elem/HS Donation PTO Funds	Elem Target Donation	Ball Brothers Wellness Grant	Gifted/Talented 2010-2011
Cash and investments - beginning	\$ -	\$ 243,593	\$ 81,196	\$ 2,561	\$ 62,914	\$ 893	\$ 1,939	\$ -
Receipts:								
Local sources	-	238,638	82,184	-	27,751	507	-	-
Intermediate sources	-	-	-	112	-	-	-	-
State sources	-	6,342	18,507	-	-	-	-	27,069
Federal sources	-	147,983	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	392,963	100,691	112	27,751	507	-	27,069
Disbursements:								
Current:								
Instruction	-	-	-	-	17,040	383	-	27,069
Support services	-	7,012	70,384	-	7,230	-	-	-
Noninstructional services	-	357,740	-	-	-	-	259	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	364,752	70,384	-	24,270	383	259	27,069
Excess (deficiency) of receipts over disbursements	-	28,211	30,307	112	3,481	124	(259)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	28,211	30,307	112	3,481	124	(259)	-
Cash and investments - ending	\$ -	\$ 271,804	\$ 111,503	\$ 2,673	\$ 66,395	\$ 1,017	\$ 1,680	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Gifted/Talented 2013-2014	Education Technology	Secured Schools Safety Grant	School Technology	Consolidation Study	Section 125 Balance	E-Rate Funding	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,055	\$ 4,732	\$ 2,978	\$ 7,761	\$ -
Receipts:								
Local sources	-	-	-	-	-	754	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	22,372	-	7,797	-	-	-	-
Federal sources	-	-	-	-	-	-	1,349	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	22,372	-	7,797	-	754	1,349	-
Disbursements:								
Current:								
Instruction	-	-	-	-	-	522	-	-
Support services	-	22,372	-	7,797	-	218	3,776	-
Noninstructional services	-	-	-	-	-	48	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	22,372	-	7,797	-	788	3,776	-
Excess (deficiency) of receipts over disbursements	-	-	-	-	-	(34)	(2,427)	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	-	(34)	(2,427)	-
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 2,055	\$ 4,732	\$ 2,944	\$ 5,334	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Title I 2011-2012	Title I 2010-2011	Title I 2013-2014	PL94-142 2011-2012	PL94-142 2010-2011	PL94-142 2013-2014	Technical Assistance 2013-2014	PL 105-17 (IDEA PART B)
Cash and investments - beginning	\$ (2,739)	\$ -	\$ -	\$ (30,198)	\$ -	\$ -	\$ -	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	17,448	75,036	-	52,213	109,041	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	17,448	75,036	-	52,213	109,041	-	-	-
Disbursements:								
Current:								
Instruction	5,764	42,313	-	22,015	121,377	-	-	67,585
Support services	8,945	37,666	-	-	-	-	-	-
Noninstructional services	-	54	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	14,709	80,033	-	22,015	121,377	-	-	67,585
Excess (deficiency) of receipts over disbursements	2,739	(4,997)	-	30,198	(12,336)	-	-	(67,585)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	2,739	(4,997)	-	30,198	(12,336)	-	-	(67,585)
Cash and investments - ending	\$ -	\$ (4,997)	\$ -	\$ -	\$ (12,336)	\$ -	\$ -	\$ (67,585)

COWAN COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2013
(Continued)

	Profesional Development School	Title II Part A 2010-2011	Title II Part A 2011-2012	Title II Part A 2013-2014	Education Jobs	Payroll Clearing Funds	Prepaid Lunch	Totals
Cash and investments - beginning	\$ 36	\$ -	\$ (655)	\$ -	\$ (5,015)	\$ (17)	\$ -	\$ 2,543,920
Receipts:								
Local sources	-	-	-	-	-	-	-	2,102,380
Intermediate sources	-	-	-	-	-	-	-	161
State sources	-	-	-	-	-	-	-	4,606,508
Federal sources	-	17,470	655	-	37,303	-	-	458,498
Temporary loans	-	-	-	-	-	-	-	12,228
Other	-	-	-	-	-	1,025,688	239,087	1,291,275
Total receipts	-	17,470	655	-	37,303	1,025,688	239,087	8,471,050
Disbursements:								
Current:								
Instruction	-	-	-	-	30,230	-	-	3,364,319
Support services	-	17,470	-	-	2,058	-	-	2,438,465
Noninstructional services	-	-	-	-	-	-	-	451,832
Facilities acquisition and construction	-	-	-	-	-	-	-	86,618
Debt services	-	-	-	-	-	1,025,746	237,122	2,125,159
Total disbursements	-	17,470	-	-	32,288	1,025,746	237,122	8,466,393
Excess (deficiency) of receipts over disbursements	-	-	655	-	5,015	(58)	1,965	4,657
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	655	-	5,015	(58)	1,965	4,657
Cash and investments - ending	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ (75)	\$ 1,965	\$ 2,548,577

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Retirement/ Severance Bond
Cash and investments - beginning	\$ 789,062	\$ 434,570	\$ 37,806	\$ 218,194	\$ 190,601	\$ 110,509	\$ 309,601	\$ 71,089
Receipts:								
Local sources	109,197	783,129	51,071	383,457	337,128	131,132	-	-
Intermediate sources	36	-	-	-	-	-	-	-
State sources	4,411,577	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	167	-	-	-	-
Total receipts	4,520,810	783,129	51,071	383,624	337,128	131,132	-	-
Disbursements:								
Current:								
Instruction	2,962,922	-	-	-	-	-	-	-
Support services	1,494,652	4,203	-	276,260	292,341	-	-	2,850
Noninstructional services	93,659	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	59,125	-	-	-	-
Debt services	10	782,278	69,312	-	-	-	-	-
Total disbursements	4,551,243	786,481	69,312	335,385	292,341	-	-	2,850
Excess (deficiency) of receipts over disbursements	(30,433)	(3,352)	(18,241)	48,239	44,787	131,132	-	(2,850)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	80,000	-
Transfers out	-	-	-	-	(80,000)	-	-	-
Total other financing sources (uses)	-	-	-	-	(80,000)	-	80,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(30,433)	(3,352)	(18,241)	48,239	(35,213)	131,132	80,000	(2,850)
Cash and investments - ending	\$ 758,629	\$ 431,218	\$ 19,565	\$ 266,433	\$ 155,388	\$ 241,641	\$ 389,601	\$ 68,239

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Construction	School Lunch	Textbook Rental	Educational License Plates	Elem/HS Donation PTO Funds	Elem Target Donation	Ball Brothers Wellness Grant	Gifted/Talented 2010-2011
Cash and investments - beginning	\$ -	\$ 271,804	\$ 111,503	\$ 2,673	\$ 66,395	\$ 1,017	\$ 1,680	\$ -
Receipts:								
Local sources	-	229,653	85,365	-	31,978	609	-	-
Intermediate sources	-	-	-	150	-	-	-	-
State sources	-	6,574	18,457	-	-	-	-	-
Federal sources	-	156,230	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	392,457	103,822	150	31,978	609	-	-
Disbursements:								
Current:								
Instruction	-	-	-	-	21,292	1,138	-	-
Support services	-	8,801	97,785	-	5,840	-	-	-
Noninstructional services	-	427,242	-	-	-	-	-	-
Facilities acquisition and construction	101,865	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	101,865	436,043	97,785	-	27,132	1,138	-	-
Excess (deficiency) of receipts over disbursements	(101,865)	(43,586)	6,037	150	4,846	(529)	-	-
Other financing sources (uses):								
Proceeds of long-term debt	715,000	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	715,000	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	613,135	(43,586)	6,037	150	4,846	(529)	-	-
Cash and investments - ending	\$ 613,135	\$ 228,218	\$ 117,540	\$ 2,823	\$ 71,241	\$ 488	\$ 1,680	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
REGULATORY BASIS
For the Year Ended June 30, 2014
(Continued)

	Gifted/Talented 2013-2014	Education Technology	Secured Schools Safety Grant	School Technology	Consolidation Study	Section 125 Balance	E-Rate Funding	Senator David Ford Technology
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 2,055	\$ 4,732	\$ 2,944	\$ 5,334	\$ -
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	26,854	21,532	-	7,793	-	-	-	59,714
Federal sources	-	-	-	-	-	-	1,586	-
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	26,854	21,532	-	7,793	-	-	1,586	59,714
Disbursements:								
Current:								
Instruction	26,344	-	-	-	-	460	-	59,714
Support services	-	21,532	-	7,797	-	371	602	-
Noninstructional services	-	-	-	-	-	72	-	-
Facilities acquisition and construction	-	-	13,629	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	26,344	21,532	13,629	7,797	-	903	602	59,714
Excess (deficiency) of receipts over disbursements	510	-	(13,629)	(4)	-	(903)	984	-
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	510	-	(13,629)	(4)	-	(903)	984	-
Cash and investments - ending	\$ 510	\$ -	\$ (13,629)	\$ 2,051	\$ 4,732	\$ 2,041	\$ 6,318	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Title I 2011-2012	Title I 2010-2011	Title I 2013-2014	PL94-142 2011-2012	PL94-142 2010-2011	PL94-142 2013-2014	Technical Assistance 2013-2014	PL 105-17 (IDEA PART B)
Cash and investments - beginning	\$ -	\$ (4,997)	\$ -	\$ -	\$ (12,336)	\$ -	\$ -	\$ (67,585)
Receipts:								
Local sources	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-
Federal sources	-	20,512	57,949	-	47,237	116,356	120	70,000
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	20,512	57,949	-	47,237	116,356	120	70,000
Disbursements:								
Current:								
Instruction	-	5,233	30,105	-	34,901	137,438	486	2,415
Support services	-	10,282	29,765	-	-	-	3,072	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-
Total disbursements	-	15,515	59,870	-	34,901	137,438	3,558	2,415
Excess (deficiency) of receipts over disbursements	-	4,997	(1,921)	-	12,336	(21,082)	(3,438)	67,585
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	4,997	(1,921)	-	12,336	(21,082)	(3,438)	67,585
Cash and investments - ending	\$ -	\$ -	\$ (1,921)	\$ -	\$ -	\$ (21,082)	\$ (3,438)	\$ -

COWAN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Profesional Development School	Title II Part A 2010-2011	Title II Part A 2011-2012	Title II Part A 2013-2014	Education Jobs	Payroll Clearing Funds	Prepaid Lunch	Totals
Cash and investments - beginning	\$ 36	\$ -	\$ -	\$ -	\$ -	\$ (75)	\$ 1,965	\$ 2,548,577
Receipts:								
Local sources	-	-	-	-	-	-	-	2,142,719
Intermediate sources	-	-	-	-	-	-	-	186
State sources	-	-	-	-	-	-	-	4,552,501
Federal sources	-	-	-	15,509	-	-	-	485,499
Temporary loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	1,011,219	225,231	1,236,617
Total receipts	-	-	-	15,509	-	1,011,219	225,231	8,417,522
Disbursements:								
Current:								
Instruction	36	-	-	-	-	-	-	3,282,484
Support services	-	-	-	15,509	-	-	-	2,271,662
Noninstructional services	-	-	-	-	-	-	-	520,973
Facilities acquisition and construction	-	-	-	-	-	-	-	174,619
Debt services	-	-	-	-	-	1,011,242	225,383	2,088,225
Total disbursements	36	-	-	15,509	-	1,011,242	225,383	8,337,963
Excess (deficiency) of receipts over disbursements	(36)	-	-	-	-	(23)	(152)	79,559
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	715,000
Transfers in	-	-	-	-	-	-	-	80,000
Transfers out	-	-	-	-	-	-	-	(80,000)
Total other financing sources (uses)	-	-	-	-	-	-	-	715,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(36)	-	-	-	-	(23)	(152)	794,559
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (98)	\$ 1,813	\$ 3,343,136

COWAN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 129,451</u>	<u>\$ 35,420</u>

COWAN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities: Ricoh	Rental of 5 Copies and 1 Printer	\$ 16,806	9/26/2012	9/25/2017
Total of annual lease payments		<u>\$ 16,806</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Renovation & Improvements to Two Bldgs 2014	\$ 715,000	\$ 41,522
General obligation bonds	2004 Pension Bond	35,000	35,896
Loans	Improvements	<u>4,032,857</u>	<u>741,375</u>
Total governmental activities		<u>4,782,857</u>	<u>818,793</u>
Totals		<u>\$ 4,782,857</u>	<u>\$ 818,793</u>

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COWAN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF CAPITAL ASSETS
June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 506,441
Buildings	11,343,504
Improvements other than buildings	1,911,672
Machinery, equipment, and vehicles	<u>1,861,768</u>
Total governmental activities	<u>15,623,385</u>
Total capital assets	<u>\$ 15,623,385</u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Cowan Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2014-003 and 2014-004 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management and Program Income that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Child Nutrition Cluster for the period of July 1, 2012 to June 30, 2014.

Unmodified Opinion on the Other Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its other major federal program identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2012 to June 30, 2014.

Other Matters

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance

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

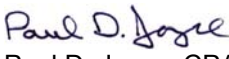
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2013-002, 2013-003, 2013-004, and 2013-005 to be material weaknesses.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

August 12, 2015

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

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

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COWAN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
<u>Department of Agriculture</u>					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	1900	\$ 28,071	\$ 25,513
National School Lunch Program	Indiana Department of Education	10.555	1900	181,478	196,042
Total - Child Nutrition Cluster				209,549	221,555
Total - Department of Agriculture				209,549	221,555
<u>Department of Education</u>					
Title I, Part A Cluster					
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	FY 12 FY 13 FY 14	17,448 75,036 -	- 20,512 57,949
Total - Title I, Part A Cluster				92,484	78,461
Special Education Cluster					
Special Education_Grants to States	Indiana Department of Education	84.027	14211-010-PN01 14213-010-PN01 14214-010-PN01	52,213 109,041 -	- 47,237 116,356
Special Education Improvement Award Technical Assistance			A58-3-13DL-1407 14214-010-PN01	- -	70,000 120
Total - Special Education Cluster				161,254	233,713
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	11-1885 12-1885 13-1885	655 17,470 -	- - 15,509
Total - Improving Teacher Quality State Grants				18,125	15,509
Education Jobs Fund	Indiana Department of Education	84.410	1900	37,303	-
Total - Department of Education				309,166	327,684
<u>Department of Health and Human Services</u>					
Preventive Health and Health Services Block Grant	Indiana State Department of Health	93.991	40036101	-	100
Total - Department of Health and Human Services				-	100
Total federal awards expended				\$ 518,715	\$ 549,338

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

Note 1. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	<u>\$ 30,783</u>	<u>\$ 32,662</u>

COWAN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

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

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Qualified for Child Nutrition Cluster Unmodified for Special Education Cluster
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

_____	Name of Federal Program or Cluster
Child Nutrition Cluster	
Special Education Cluster	

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

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

FINDING 2014-001 - SEGREGATION OF DUTIES AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

We noted a deficiency in the internal control system of the School Corporation related to financial transactions and reporting.

1. Lack of Segregation of Duties: The School Corporation has not separated incompatible activities related to receipting. The Treasurer is completing all areas related to receipting of corporation funds. There is no control in place to ensure all funds are properly receipted. The failure to establish these controls could enable material misstatements or irregularities to remain undetected. Control activities should be in place to reduce the risks of errors in financial reporting.

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

2. Preparation of the SEFA: The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared the SEFA; however, there was no monitoring, review, or approval process before this schedule was submitted to verify accuracy. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

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 2014-002 - ACTIVITIES ALLOWED OR UNALLOWED,
ALLOWABLE COSTS/COST PRINCIPLES, AND REPORTING***

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program, School Breakfast Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): 1900 for FY12-13 and FY13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Reporting. The failure to establish an effective internal control system places the school at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

Activities Allowed or Unallowed and Allowable Costs/Cost Principles

Internal controls over payroll were not adequate. The Treasurer is the sole person who handles all functions of payroll. There is no control over the payroll to determine if the individuals paid from the Child Nutrition programs are allowable. With no review of or other control over the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

Reporting

There is no control over the Annual Report to ensure its accuracy. The Deputy Treasurer is the sole person who prepares and submits the annual financial report to the Indiana Department of Education.

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

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-003 - CASH MANAGEMENT

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program, School Breakfast Program

CFDA Number: 10.555, 10.553

Federal Award Number and Year (or Other Identifying Number): 1900 for FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Cash Management compliance requirements that have a direct and material effect on the programs. There were no procedures established to ensure that the School Lunch fund cash balances were maintained in compliance with the Cash Management requirements. The failure to establish an effective internal control system allowed noncompliance with the requirements.

The School Corporation Food Service Department maintains a cash balance in excess of federal regulations. The average 3 month expenditures of the School Corporation for the School Lunch program for fiscal years 2013 and 2014 were \$109,426 and \$130,812, respectively. The month-end cash balances for the 24-month audit period ranged from \$208,768 to \$271,804. This compliance requirement was not monitored by the School Lunch Director or by any other employee of the School Corporation.

7 CFR Section 210.14(a) states in part: "School food authorities shall maintain a nonprofit school food service. . . ."

7 CFR Section 210.14(b) states:

"*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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

7 CFR Section 210.2 defines net cash resources as:

"Net cash resources means all monies, as determined in accordance with the State agency's established accounting system, that are available to or have accrued to a school food authority's nonprofit school food service at any given time, less cash payable. Such monies may include, but are not limited to, cash on hand, cash receivable, earnings on investments, cash on deposit and the value of stocks, bonds or other negotiable securities."

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The cash balance maintained by the School Corporation resulted in noncompliance with program requirements that they must operate a nonprofit school food service and limit net cash resource. Failure to comply with these requirements could cause the School Corporation to be ineligible to receive future federal funding.

We recommended that School Corporation officials implement procedures that would limit net cash resources to 3 months' average expenditures and to establish internal controls to ensure that its school food service program is operated as a nonprofit service.

FINDING 2014-004 - PROGRAM INCOME

Federal Agency: Department of Agriculture

Federal Program: National School Lunch Program

CFDA Number: 10.555

Federal Award Number and Year (or Other Identifying Number): 1900 for FY 12-13 and FY 13-14

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system related to the grant agreement and the Program Income compliance requirements that have a direct and material effect on the programs. The procedures established to ensure that the School Lunch fund program income was properly determined and posted were not adequate to allow the School Corporation to be in compliance with the Program Income requirements. The failure to establish an effective internal control system allowed noncompliance with the requirements.

The School Corporation Food Service Department did not properly assess income received in the School Lunch program. For the first 4 days of the 2012-2013 school year students were charged at the 2011-2012 lunch price. Also, at the High School, students who were over their credited limit still received school lunches, but were not properly assessed for these lunches. The School Corporation did not properly record program income. Cash was withheld from daily collections to pay student workers in the cafeteria.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to

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

have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the programs. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

7 CFR 3016.25(a) states:

"General. Grantees are encouraged to earn income to defray program costs. Program income includes income from fees for services performed, from the use or rental of real or personal property acquired with grant funds, from the sale of commodities or items fabricated under a grant agreement, and from payments of principal and interest on loans made with grant funds. Except as otherwise provided in regulations of the Federal agency, program income does not include interest on grant funds, rebates, credits, discounts, refunds, etc. and interest earned on any of them. "

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommend that the School Corporation's management establish controls, including segregation of duties, related to their grant agreements and compliance requirements as listed above.

***FINDING 2014-005 - INTERNAL CONTROL OVER ACTIVITIES ALLOWED OR UNALLOWED
AND ALLOWABLE COSTS/COST PRINCIPLES, AND PERIOD OF AVAILABILITY***

Federal Agency: Department of Education

Federal Program: Special Education Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14211-010-PN01, 14213-010-PN01,
14214-010-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability. The failure to establish an effective internal control system places the School corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

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

Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Internal controls over payroll were not adequate. The Treasurer is the sole person who handles all functions of payroll. There is no control over the payroll to determine if the individuals paid from the grant are allowable. With no review of or other control over the individual payroll postings, unallowable payroll costs could be posted as an expense and go undetected.

Period of Availability

There were no controls in place during the audit period to ensure that grant funds were not being spent after the period of availability had passed.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance of the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

AUDITEE PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.



Cowan Community School Corporation

Dennis G. Chambers - Superintendent

July 20, 2015

TO WHOME IT MAY CONCERN:

Summary Schedule of Prior Audit Findings

In response to the findings contained in the previous audit (covering the period 7/1/10-6/30/12) of the fiscal records of Cowan Community School Corporation, please note the following position of Cowan Community School Corporation:

Finding 2012-002

The treasurer verifies the numbers and reviews the reported information of the CND-1 report. This verification is in the form of initials on the printout along with a date.

Finding 2012-003

The superintendent verifies and reviews the appropriation/expenditure report along with the fund balance before requests are submitted to Muncie Community Schools. He also signs and dates the reimbursement form as an approver.

Signed:

Dennis G. Chambers, Superintendent

Signed:

Janet L. McIntosh, Treasurer



Cowan Community School Corporation

Dennis G. Chambers - Superintendent

August 11, 2015

CORRECTIVE ACTION PLAN:

FINDING 2014-001 SEGREGATION OF DUTIES AND PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

1. **Lack of Segregation of Duties:** The corporation treasurer and deputy treasurer take turns going to the bank two to three days each week. Receipts and deposit tickets will be signed and dated by the treasurer/deputy treasurer when they take the deposits to the bank and also printed the receipt and put together the deposit ticket for that day.
2. **Preparation of the SEFA:** The treasurer prepares the SEFA report. The SEFA report will be reviewed and submitted to the Superintendent with supporting documentation. The superintendent will also initial the report to indicate that he has reviewed the report and that now it is ready for submission.

FINDING 2014-002 ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES AND REPORTING

1. **Internal Control for Payroll:** The treasurer prepares the payroll. Time cards have been marked to indicate the federal fund that is to be used for the payroll expense. The deputy treasurer puts the hours on the computer for these time cards and puts them into the appropriate federal fund. The superintendent will also look over and initial the distribution report of each payroll to indicate employees have been paid from the appropriate federal funds.
2. **Reporting Compliance for Annual Report:** The deputy treasurer prepares and submits the annual report for school lunch. This report, along with supporting documentation, will be reviewed and signed by the corporation treasurer before submitting this report.



Cowan Community School Corporation

Dennis G. Chambers - Superintendent

FINDING 2014-003 CASH MANAGEMENT

1. **Excessive Cash Balance for School Lunch:** In order to maintain the compliance of the cash balance for school lunch, the following options paid by school lunch will be used: pay for ½ of the trash removal invoice each month, two hours per day will be added to hours for cafeteria employees to clean and prepare the cafeteria for meals the next day, indirect cost rates may be applied, money may be contributed to ECA Student Activities and money will be used for future updates to equipment and for future repairs. The deputy treasurer, cafeteria managers and superintendent will monitor the cash balance each month in order to keep the cash balance closer to compliance.

FINDING 2014-004 PROGRAM INCOME

1. **Food Service Department Did Not Assess Income Received Properly:** The deputy treasurer is checking and signing each daily receipt printed from each building's cafeteria computer system to compare the number of meals served against the amount of money charged for each tray. The cafeteria cashier at each building will not allow a student to receive a meal without going through the cafeteria computer system. Student pay will be paid with a vendor check on each voucher listing approved by the School Board.

FINDING 2014-005 INTERNAL CONTROL OVER ACTIVITIES ALLOWED OR UNALLOWED AND ALLOWABLE COSTS/COST PRINCIPLES AND PERIOD OF AVAILABILITY

1. **Period of Availability:** On the corporation's computer accounting system, project dates will be put in for each federal fund to indicate the period of time that disbursements could be made from this particular fund. Also, the superintendent will receive a payroll distribution report for each payroll to review and sign that each employees' payroll posting is coming from the appropriate federal fund.

OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.