

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

AUDIT REPORT
OF

CLARK-PLEASANT COMMUNITY
SCHOOL CORPORATION
JOHNSON COUNTY, INDIANA

July 1, 2004 to June 30, 2006



FILED
06/21/2007

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Canary	07-01-04 to 06-30-07
Superintendent of Schools	Dr. John T. Coopman	07-01-04 to 06-30-07
President of the School Board	David Stephenson Jeff Brinkman	07-01-06 to 06-30-07 07-01-04 to 06-30-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CLARK-PLEASANT COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clark-Pleasant Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, 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, 2005 and 2006, 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 April 12, 2007, 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 and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. 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.

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

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Schedule of Capital Assets and Schedule of Long-Term Debt are presented for additional analysis and are not a required part of the basic financial statements. 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

April 12, 2007



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

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

TO: THE OFFICIALS OF THE CLARK-PLEASANT COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

We have audited the financial statements of the Clark-Pleasant Community School Corporation (School Corporation), as of and for the years ended June 30, 2005 and 2006, and have issued our report thereon dated April 12, 2007. 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.

Compliance

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 grants, 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 that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

April 12, 2007

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 11,520,365
Restricted assets:	
Cash and investments	<u>1,658,851</u>
Total assets	<u>\$ 13,179,216</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,658,851
Unrestricted	<u>11,520,365</u>
Total net assets	<u>\$ 13,179,216</u>

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 June 30, 2006

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 8,744,298
Restricted assets:	
Cash and investments	<u>2,397,615</u>
Total assets	<u>\$ 11,141,913</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 2,397,615
Unrestricted	<u>8,744,298</u>
Total net assets	<u>\$ 11,141,913</u>

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 12,272,043	\$ -	\$ 147,727	\$ (12,124,316)
Support services	29,477,535	1,279,960	591,658	(27,605,917)
Community services	352,178	-	-	(352,178)
Nonprogrammed charges	1,238,350	-	-	(1,238,350)
Debt service	11,555,310	-	-	(11,555,310)
Total governmental activities	\$ 54,895,416	\$ 1,279,960	\$ 739,385	(52,876,071)
General receipts:				
Property taxes				19,144,643
Other local sources				3,248,805
State aid				13,910,790
Grants and contributions not restricted				400,764
Bonds and loans				5,479,600
Sale of property, adjustments, and refunds				13,819,476
Intergovernmental transfers				541,191
				56,545,269
				3,669,198
				9,510,018
				\$ 13,179,216

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 12,924,645	\$ -	\$ 120,960	\$ (12,803,685)
Support services	28,045,066	1,473,942	724,441	(25,846,683)
Community services	373,975	-	-	(373,975)
Nonprogrammed charges	1,161,482	-	-	(1,161,482)
Debt service	12,697,199	-	-	(12,697,199)
Total governmental activities	\$ 55,202,367	\$ 1,473,942	\$ 845,401	(52,883,024)
General receipts:				
Property taxes				20,757,352
Other local sources				3,922,051
State aid				16,032,082
Grants and contributions not restricted				388,843
Bonds and loans				3,340,000
Sale of property, adjustments, and refunds				5,977,227
Intergovernmental transfers				428,166
				50,845,721
				(2,037,303)
				13,179,216
				\$ 11,141,913

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 7,868,637	\$ 1,884,075	\$ 8,543,472	\$ 3,289,708	\$ 530,135	\$ -	\$ 1,546,543	\$ 23,662,570
Intermediate sources	97	-	-	-	-	-	825	922
State sources	14,040,699	-	-	-	-	-	229,249	14,269,948
Federal sources	-	-	-	-	-	-	780,991	780,991
Bonds and loans	2,800,000	700,000	-	-	-	1,979,600	-	5,479,600
Sale of property, adjustments and refunds	36,016	5,050	-	562,413	-	9,224,544	9,711	9,837,734
Intergovernmental transfers	-	140,808	-	-	-	-	400,383	541,191
Total receipts	24,745,449	2,729,933	8,543,472	3,852,121	530,135	11,204,144	2,967,702	54,572,956
Disbursements:								
Current:								
Instruction	11,982,173	-	-	-	-	-	289,870	12,272,043
Support services	10,751,015	1,986,291	-	4,162,517	481,884	6,055,954	1,999,491	25,437,152
Community services	351,610	-	-	-	-	-	568	352,178
Nonprogrammed charges	721,837	35,953	300,709	60,136	9,945	-	109,770	1,238,350
Debt services	2,537,964	668,211	7,960,924	150,000	-	-	238,211	11,555,310
Total disbursements	26,344,599	2,690,455	8,261,633	4,372,653	491,829	6,055,954	2,637,910	50,855,033
Excess (deficiency) of total receipts over (under) total disbursements	(1,599,150)	39,478	281,839	(520,532)	38,306	5,148,190	329,792	3,717,923
Cash and investments - beginning	3,434,376	749,901	1,379,522	1,567,895	231,097	1,184,859	414,037	8,961,687
Cash and investments - ending	\$ 1,835,226	\$ 789,379	\$ 1,661,361	\$ 1,047,363	\$ 269,403	\$ 6,333,049	\$ 743,829	\$ 12,679,610

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

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

Net change in fund balances - total governmental funds	\$ 3,717,923
Amounts reported for governmental activities in the statement of cash activities are different because:	
Internal service funds are not reported as a part of governmental funds.	(48,725)
Change in cash and investments of governmental activities	<u>\$ 3,669,198</u>

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 8,931,690	\$ 1,957,973	\$ 9,035,481	\$ 3,728,293	\$ 585,304	\$ -	\$ 1,887,669	\$ 26,126,410
Intermediate sources	97	-	-	-	-	-	1,350	1,447
State sources	16,134,039	-	-	-	-	-	255,863	16,389,902
Federal sources	-	-	-	-	-	-	876,424	876,424
Bonds and loans	1,890,000	750,000	-	700,000	-	-	-	3,340,000
Sale of property, adjustments and refunds	204,407	19,622	192,265	520,540	-	89,000	1,227	1,027,061
Intergovernmental transfers	<u>141,852</u>	<u>35,953</u>	<u>159,901</u>	<u>60,136</u>	<u>9,945</u>	<u>-</u>	<u>20,379</u>	<u>428,166</u>
Total receipts	<u>27,302,085</u>	<u>2,763,548</u>	<u>9,387,647</u>	<u>5,008,969</u>	<u>595,249</u>	<u>89,000</u>	<u>3,042,912</u>	<u>48,189,410</u>
Disbursements:								
Current:								
Instruction	12,632,155	-	-	-	-	-	292,490	12,924,645
Support services	11,817,888	2,199,944	-	5,369,642	572,659	1,603,477	2,268,286	23,831,896
Community services	373,646	-	-	-	-	-	329	373,975
Nonprogrammed charges	595,109	-	-	-	-	-	566,373	1,161,482
Debt services	<u>2,932,394</u>	<u>721,655</u>	<u>8,640,354</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>402,796</u>	<u>12,697,199</u>
Total disbursements	<u>28,351,192</u>	<u>2,921,599</u>	<u>8,640,354</u>	<u>5,369,642</u>	<u>572,659</u>	<u>1,603,477</u>	<u>3,530,274</u>	<u>50,989,197</u>
Excess (deficiency) of total receipts over (under) total disbursements	(1,049,107)	(158,051)	747,293	(360,673)	22,590	(1,514,477)	(487,362)	(2,799,787)
Cash and investments - beginning	<u>1,835,226</u>	<u>789,379</u>	<u>1,661,360</u>	<u>1,047,363</u>	<u>269,403</u>	<u>6,333,049</u>	<u>743,830</u>	<u>12,679,610</u>
Cash and investments - ending	<u>\$ 786,119</u>	<u>\$ 631,328</u>	<u>\$ 2,408,653</u>	<u>\$ 686,690</u>	<u>\$ 291,993</u>	<u>\$ 4,818,572</u>	<u>\$ 256,468</u>	<u>\$ 9,879,823</u>

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

RECONCILIATION OF THE STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF CASH ACTIVITIES

Net change in fund balances - total governmental funds	\$ (2,799,787)
Amounts reported for governmental activities in the statement of cash activities are different because:	
Internal service funds are not reported as a part of governmental funds.	<u>762,484</u>
Change in cash and investments of governmental activities	<u>\$ (2,037,303)</u>

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUND
For The Year Ended June 30, 2005

	<u>Internal Service Fund</u>
Receipts:	
Local sources	\$ 9,916
Sale of property, adjustments and refunds	<u>3,981,742</u>
Total receipts	<u>3,991,658</u>
Disbursements:	
Support services	<u>4,040,383</u>
Changes in cash and investments	(48,725)
Cash and investments - beginning	<u>548,331</u>
Cash and investments - ending	<u><u>\$ 499,606</u></u>

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
PROPRIETARY FUND
For The Year Ended June 30, 2006

	Internal Service Fund
Receipts:	
Local sources	\$ 25,485
Sale of property, adjustments and refunds	<u>4,950,169</u>
Total receipts	<u>4,975,654</u>
Disbursements:	
Support services	<u>4,213,170</u>
Changes in cash and investments	762,484
Cash and investments - beginning	<u>499,606</u>
Cash and investments - ending	<u><u>\$ 1,262,090</u></u>

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 860
State sources	-	9,450
	-	9,450
Total additions	-	10,310
Deductions:		
Support services	358,004	5,094
Community services	-	100
	-	100
Total deductions	358,004	5,194
Excess (deficiency) of total additions over (under) total deductions	(358,004)	5,116
Cash and investments - beginning	877,004	22,084
Cash and investments - ending	\$ 519,000	\$ 27,200

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2006

	Pension Trust Funds	Private-Purpose Trust Funds
Additions:		
Local sources	\$ -	\$ 15,433
State sources	-	10,970
Bonds and loans	3,963,800	-
Total additions	3,963,800	26,403
Deductions:		
Instruction	-	2,478
Support services	3,638,250	15,123
Community services	-	27
Total deductions	3,638,250	17,628
Excess of total additions over total deductions	325,550	8,775
Cash and investments - beginning	-	27,200
Cash and investments - ending	\$ 325,550	\$ 35,975

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2005

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 519,000	\$ 27,200	\$ 209,599
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 519,000	\$ 27,200	

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2006

<u>Assets</u>	<u>Pension Trust Funds</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 325,550	\$ 35,975	\$ 209,887
<u>Net Assets</u>			
Held in trust for employee benefits and other purposes	\$ 325,550	\$ 35,975	

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

CLARK-PLEASANT 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: Clark-Pleasant 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 with Center Grove Community School Corporation, Franklin Community School Corporation, Greenwood Community School Corporation, Nineveh-Hensley-Jackson United School Corporation, and Edinburgh Community School Corporation in a joint venture to operate Special Services – Johnson County Schools which was created to provide instruction for individuals with disabilities. Special Services – Johnson County Schools' continued existence depends on continued funding by the School Corporation. Complete financial statements for Special Services – Johnson County Schools can be obtained from Special Services – Johnson County Schools, 500 Earlywood Drive, Franklin, IN 46131.

The School Corporation is a participant with Beech Grove City Schools, Center Grove Community School Corporation, Franklin Community School Corporation, Greenwood Community School Corporation, Nineveh-Hensley-Jackson United School Corporation, Edinburgh Community School Corporation, Metropolitan School District of Perry Township, and Metropolitan School District of Franklin Township in a joint venture to operate Central Nine Career Center which was created to provide instruction for vocational education. Central Nine Career Center's continued existence depends on continued funding by the School Corporation. Complete financial statements for Central Nine Career Center can be obtained from Central Nine Career Center, P.O. Box 426, Greenwood, IN 46142.

The School Corporation is a participant with various school corporations in a joint venture to operate Central Indiana Educational Services Center which was created to provide purchasing opportunities for supplies and the service center's programs and professional development. Central Indiana Educational Services Center continued existence depends on continued funding by the School Corporation. Complete financial statements for Central Indiana Educational Services Center can be obtained from Central Indiana Educational Services Center, 6321 La Pas Trail, Suite 200, Indianapolis, IN 46268.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Cash and Investments and the Statement of Cash Activities display information about the reporting government as a whole. They include all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

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

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

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

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

Additionally, the School Corporation reports the following fund types:

The internal service fund is a self-insurance fund to report activity for employee group health insurance benefits.

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the employee.

Agency funds account for assets held by the School Corporation as an agent for payroll withholdings and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus and Basis of Accounting

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

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 other departments or agencies primarily within the government (internal service funds).

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

3. Compensated Absences

a. Paid Leave

School Corporation noncertified employees earn paid leave at the rate of 9 to 12 days per year. Unused paid leave may be accumulated indefinitely. Accumulated paid leave is paid to employees at termination or retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 5 days to 15 days per year based upon the number of years of service. Vacation leave may be accumulated to a maximum of 20 days. Accumulated vacation leave is paid to employees through paid time off upon terminations or retirement.

4. Capital Assets

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

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities 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."

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

Fund Financial Statements

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

E. Receipts and Disbursements

1. Program Receipts

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

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2005 and 2006, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines as referenced in state statute:

Fund	2005	2006
Textbook Rental Fund	\$ (230,436)	\$ (349,730)
Retirement/Severance Bond Fund	(2,510)	(11,037)
Federal Tax Fund	-	(771)
ISTA Dues Fund	(28)	-
AETNA Retirement Fund	(389)	-
Nationwide Fund	-	(4,334)
Conseco Cancer Insurance Fund	(133)	(530)
Conseco Heart/Stroke Insurance Fund	(33)	-
Principal Unreimburseable Medical Fund	(13,400)	-
Ameriflex Unreimburseable Medical Fund	-	(39,303)
Annuity Loan Fund	(2)	-
Edward Jones Annuity Fund	(2,218)	-
Accident Secure/Conseco Fund	(232)	-
Accident Secure/Conseco 18 Pay Fund	-	(6)
Conseco Cancer 18 Pay Fund	-	(13)
Johnson County Garnishment Fund	(82)	-
Taxable Life Insurance Fund	(1,701)	(1,507)

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

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. 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, 2005 and 2006, were as follows:

Transfer From	Transfer To	2005	2006
Debt Service	Transportation Operating	\$ 140,808	\$ -
General Fund	Nonmajor governmental	129,178	-
Transportation Operating	Nonmajor governmental	35,953	-
Debt Service	Nonmajor governmental	159,901	-
Capital Projects	Nonmajor governmental	60,136	-
School Bus Replacement	Nonmajor governmental	9,945	-
Nonmajor governmental	Nonmajor governmental	5,270	20,379
Nonmajor governmental	General Fund	-	141,852
Nonmajor governmental	Transportation Operating	-	35,953
Nonmajor governmental	Debt Service	-	159,901
Nonmajor governmental	Capital Projects	-	60,136
Nonmajor governmental	School Bus Replacement	-	9,945
Totals		<u>\$ 541,191</u>	<u>\$ 428,166</u>

The School Corporation typically uses transfers for cash flow purposes according to various statutes.

IV. Other Information

A. Risk Management

The School Corporation is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); 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; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Medical Benefits to Employees, Retirees and Dependents

The School Corporation has chosen to establish a risk financing fund for risks associated with medical insurance. The risk financing fund is accounted for in the Insurance Fund, an internal service fund, where assets are set aside for claim settlements. An excess policy through commercial insurance covers individual claims in excess of \$125,000 per year. Settled claims resulting from this risk did not exceed commercial insurance coverage in the past three years. Interfund premiums are paid into the fund by all affected funds and are available to pay claims, claim reserves, and administrative costs of the program. Interfund premiums are based upon an overall premium percentage which is applied to each fund's gross wages, and are reported as quasi-external interfund transactions.

B. Holding Corporation

The School Corporation has entered into various capital leases with Clark-Pleasant Multi School Building Corporation; Clark Elementary School Building Corporation; Clark-Pleasant 1997 Building Corporation; Clark-Pleasant Community School Building Corporation 2001; Clark-Pleasant Intermediate School Building Corporation; Clark-Pleasant 2004 School Building Corporation (Admin./Trans.), and Clark-Pleasant 2004 School Building Corporation (West Elementary) (the lessors). The lessors were organized as not-for-profit corporations pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessors have been determined to be related parties of the School Corporation. Lease payments during the year totaled \$8,058,299.70.

C. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health and life insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 50 for certified staff or 55 for noncertified staff with at least 15 years of service. Currently, 31 retirees meet these eligibility requirements. The School Corporation and retirees provide proportionate shares of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the two year ended June 30, 2005 and 2006, disbursements of \$129,642 and \$154,144, respectively, were recognized for postemployment benefits.

D. Pension Plans

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

Teachers' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Teachers' Retirement Fund (TRF), a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the TRF Board, most requirements of the system and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

annuity provided by the member's annuity savings account. The annuity savings account consists of member's contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$765,168, \$466,688, and \$361,317, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

2. Single Employer Defined Contribution Pension Plan

Tax Deferred Annuity Plan

Plan Description

The School Corporation has established a Tax Deferred Annuity plan for its noncertified employees. The terms of the plan are intended to comply with Section 403(b) of the Internal Revenue Service Code of 1986 as amended, and Treasury Regulations thereunder. The effective date of the plan was January 1, 1990. Some of the specifics of the plan include an employer matching contribution of up to 4% of participant's compensation and a participant contribution limit of up to 20% of gross compensations (not to exceed \$9,500). Participants are 100% vested at all times for the value of their individual account attributable to salary reduction contributions as well as for the value of employer contributions to that individual account.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF CAPITAL ASSETS

June 30, 2006

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,982,395
Buildings	117,185,338
Improvements other than buildings	2,026,095
Machinery and equipment	7,543,057
Transportation (Licensed Vehicle)	4,860,102
Construction in progress	<u>3,419,400</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 139,016,387</u>

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF LONG-TERM DEBT

June 30, 2006

Description of Debt	Ending Balance	Due Within One Year
Governmental Activities:		
Capital leases:		
(Clark Elementary School Refunding)	\$ 4,180,000	\$ 600,000
(Clark-Pleasant Multi-School Refunding)	12,350,000	1,190,000
(Clark-Pleasant Middle School Refunding)	8,170,000	360,000
(WCHS/WES)	34,885,000	1,125,000
(Clark-Pleasant Intermediate)	21,725,000	705,000
(Clark Elementary School)	6,550,000	-
(Administrative/Operations Center)	10,230,000	-
(WCHS Bleacher Lease)	223,508	51,032
Notes and loans payable	56,250	12,500
Bonds payable:		
General obligation bonds:		
(G.O. Bonds 1999 - Middle/Maint.)	555,000	215,000
(G.O. Bonds 2004 - Break-O-Day/Clark)	1,615,000	635,000
(School Pension Bonds - 2001)	2,090,000	130,000
(School Pension Bonds - 2005)	4,000,000	90,000
Total governmental activities long-term debt	\$ 106,629,758	\$ 5,113,532

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

OVERDRAWN FUND BALANCES

The Textbook Rental, Retirement/Severance Bond, Social Security, ISTA Dues, AETNA Retirement, Conseco Cancer Insurance, Conseco Heart/Stroke Insurance, Principal Unreimburse Medical, Annuity Loan, Edward Jones Annuity, Accident Secure/Conseco, Johnson County Garnishment, and Taxable Life Insurance Funds were overdrawn in School Year 2004-2005. The Textbook Rental, Retirement/Severance Bond, Federal Tax, Nationwide, Conseco Cancer Insurance, Ameriflex Unreimburse Medical, Accident Secure/Conseco 18 Pay, Conseco Cancer 18 Pay, and Taxable Life Insurance Funds were overdrawn in School Year 2005-2006.

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

TRANSACTION RECORDING

Transactions involving Safekeeping accounts were not recorded in the School Corporation's financial records. The School Corporation also did not include these transactions in the Biannual Financial Report (more commonly known as Form 9) to the Indiana Department of Education. The safekeeping accounts were set up for the proceeds of the sale of land owned by the School Corporation and sold to the Building Corporation for the purposes of building an addition to the high school.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

BANK ACCOUNT RECONCILIATIONS (Applies to Clark Pleasant Academy)

Depository reconciliations of the fund balances to the bank account balances presented for audit were incorrect.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS
(Continued)

TRANSACTION RECORDING (Applies to Clark Pleasant Academy)

Some items such as interest and bank service charges were not consistently entered in the records of the Clark Pleasant Academy.

All financial transactions pertaining to the governmental unit should be recorded in the records of the governmental unit. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS -Ticket Sales (Applies to Clark-Pleasant Middle School)

Receipts in numerous instances were deposited later than the next business day. The money was held as long as three days. A similar comment was in prior Report B25081.

Indiana Code 5-13-6-1(c) states in part: ". . . all local officers . . . who collect public funds of their respective political subdivisions shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the . . . local boards of finance. . ."

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE CLARK-PLEASANT COMMUNITY
SCHOOL CORPORATION, JOHNSON COUNTY, INDIANA

Compliance

We have audited the compliance of the Clark-Pleasant 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, 2005 and 2006. 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; 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, 2005 and 2006.

Internal Control Over Compliance

The management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School Corporation's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

STATE BOARD OF ACCOUNTS

April 12, 2007

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2005 and 2006

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 06-30-05	Total Federal Awards Expended 06-30-06
U.S. DEPARTMENT OF AGRICULTURE				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553			
School Year 2004-2005		None	\$ 64,526	\$ -
School Year 2005-2006		None	<u>-</u>	<u>99,354</u>
Total for program			<u>64,526</u>	<u>99,354</u>
National School Lunch				
School Year 2004-2005	10.555		465,623	-
School Year 2005-2006		None	<u>-</u>	<u>592,733</u>
Total for program			<u>465,623</u>	<u>592,733</u>
Total for federal grantor agency			<u>530,149</u>	<u>692,087</u>
U.S. DEPARTMENT OF EDUCATION				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
Project 05-4145	84.010		156,349	43,974
Project 06-4145		None	<u>-</u>	<u>187,697</u>
Total for program			<u>156,349</u>	<u>231,671</u>
Safe and Drug Free Schools and Communities - State Grants				
Project 04-055	84.186		435	-
Project 05-050		None	<u>-</u>	<u>10,117</u>
Total for program			<u>435</u>	<u>10,117</u>
Goals 2000 - State and Local Education System Improvement Grants				
	84.276		<u>-</u>	<u>399</u>
D.D. Eisenhower Professional Development Program				
Project 01-044	84.281		<u>5,890</u>	<u>2,270</u>
Innovative Education Program Strategies				
Project 98-101	84.298		377	-
Project 00-086		None	454	46
Project 01-099		None	1,343	545
Project 02-044		None	2,911	1,136
Project 02-139		None	7,982	-
Project 03-086		None	17,253	-
Project 04-076		None	<u>-</u>	<u>14,783</u>
Total for program			<u>30,320</u>	<u>16,510</u>
Class-Size Reduction				
Project 02-150	84.340		62,491	-
Project 03-046		None	70,040	-
Project 04-060		None	<u>-</u>	<u>71,284</u>
Total for program			<u>132,531</u>	<u>71,284</u>
Total for federal grantor agency			<u>325,525</u>	<u>332,251</u>
Total federal awards expended			<u>\$ 855,674</u>	<u>\$ 1,024,338</u>

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

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2005 and 2006. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2005	2006
National School Lunch Program	10.555	\$ 50,281	\$ 75,763

CLARK-PLEASANT 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
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:
 Material weaknesses identified? no
 Reportable conditions identified that are not considered to be material weaknesses? none reported

Type of auditor's report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? no

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on May 2, 2007, with Dr. John T. Coopman, Superintendent of Schools; Steve O. Sonntag, Director of Business; and Karen Canary, Treasurer. The officials concurred with our audit findings.