

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

AUDIT REPORT  
OF

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY  
SCHOOL CORPORATION  
JOHNSON COUNTY, INDIANA

July 1, 2006 to March 31, 2009



**FILED**

10/19/2009



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Karen Canary	07-01-06 to 06-30-09
Superintendent of Schools	Dr. John T. Coopman	07-01-06 to 06-30-09
President of the School Board	David Stephenson Howard Young William B. Drake	07-01-06 to 06-30-07 07-01-07 to 06-30-08 07-01-08 to 06-30-09



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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STATE BOARD OF ACCOUNTS  
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TO: THE OFFICIALS OF CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION:

We have audited the records of the Selected Records - Voluntary Employee Benefits Associations for the period from July 1, 2006, to March 31, 2009, and certify that the records and accountability for cash and other assets are satisfactory to the best of our knowledge and belief, except as stated in the Audit Results and Comments. The financial transactions of this office are reflected in the Biennial Report of Clark-Pleasant Community School Corporation for the two year period ending March 31, 2009.

STATE BOARD OF ACCOUNTS

June 2, 2009

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

BACKGROUND INFORMATION

The Clark-Pleasant Community School Corporation (School Corporation) has taken actions that have directly resulted in the loss of significant public funds and in the potential loss of far greater amounts.

Effective January 1, 2004, the School Corporation established the Clark-Pleasant Community School Corporation Employee Benefit Plan and Employee Dental Benefit Plan (Plan). The Plan includes a self-insured group health program, a group life insurance program and a group long-term disability plan. Plan Section 5.3 states that "All contributions to the Plan shall be part of the general assets of the Company" (the School Corporation). "All benefits provided under the Plan shall be paid out of the general assets of the Company." Plan Section 6.1 provides that "The Company shall be the Administrator of the Plan. The Administrator may from time-to-time appoint a person, committee, or organization to perform the duties and undertake some of the responsibilities of the Administrator."

The School Board of Trustees (Sponsor) approved and adopted employee benefit plan by-laws by a resolution dated December 16, 2003. The by-laws provided for a committee (Insurance Committee), composed of representatives of eligible employee groups, one from the retiree group and one representative of the sponsor to manage the sponsor provided employee benefits and recommend insurance agreements, agreements with consultants and an agreement with a third party administrator. Section 2.2 (c) states that the committee will include, "one representative of the plan sponsor who will serve as a non-voting liaison." Section 3.1 (c) provides that, "A separate fund shall hold all employee and employer contributions, and all other receipts to the Plan. Monies transferred into the fund shall not be transferred to other accounts or expended for any purpose other than payment of Plan expenses."

The activity of the self-insurance plan has been accounted for in the School Corporation's Fund 1100 (Self-Insurance Fund). The Insurance Committee members included the School Corporation Treasurer, the Business Manager, who served as voting members, and a School Board Member who served as a nonvoting member. Neither of the aforementioned documents included sections concerning the investment of public funds.

Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9) (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

SCHOOL BOARD APPROVAL NOT OBTAINED

The School Corporation has two separate VEBAs (Voluntary Employee Benefits Associations under section 501(c) (9) of the Internal Revenue Code).

The Clark-Pleasant Community School Corporation Health Savings Plan (VEBA I) was established by resolution of the School Board at a regular meeting on August 16, 2005. VEBA I was established with a lump sum contribution raised from the sale of bonds to provide an unallocated contribution for the payment of future benefits to vested terminated employees.

The Clark-Pleasant Community School Corporation Benefits Plan (VEBA II) was established effective May 15, 2007, to hold benefit plan reserves of the self-insurance program. When we requested documentation of approval of the School Board for the establishment of the second VEBA we were informed by attorneys representing the School Corporation that VEBA II had been approved by the Insurance Committee.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 20-26-4-8 states:

"Notwithstanding any other law, the president and secretary of the governing body of a school corporation are entitled, on behalf of the school corporation, to sign any contract, including employment contracts and contracts for goods and services. However, each contract must be approved by a majority of all members of the governing board. In the absence of the president or secretary of the governing body, the vice president is entitled to sign the contracts with the officer who is present."

VEBA II ELECTRONIC FUNDS TRANSFER NOT APPROVED BY SCHOOL BOARD

A transfer of \$2,000,000 was made from the Self-Insurance Fund to National Advisors Trust Company for a trust established for the purpose of investing what was considered by the Insurance Committee to be surplus funds of the self-insurance program. The transfer was made by electronic funds transfer.

National Advisors Trust Company is not listed as an approved depository by the Office of the Indiana State Treasurer.

IC 5-13-8-1 Section 1 states:

"A political subdivision may deposit public funds in a financial institution only if the financial institution: (1) is a depository eligible to receive state funds; and (2) has a principal office or branch that qualifies under section 9 of this chapter to receive public funds of the political subdivision."

No documentation was presented for audit that the \$2,000,000 transfer of funds was approved by the School Board. When we requested a copy of any claim or voucher prepared for the \$2,000,000 transfer transaction we were informed by attorneys representing the School Corporation that the transaction was listed in the School Corporation's budget history of expenditures and was approved by a vote of the Insurance Committee, neither of which answered our inquiry.

IC 20-26-4-1(d) states:

"The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds. The treasurer shall:

- (1) issue a receipt for money received by the treasurer;
- (2) deposit money described in subdivision (1) in accordance with the laws governing the deposit of public funds; and
- (3) issue all warrants in payment of expenses lawfully incurred on behalf of the school corporation. However, except as otherwise provided by law, warrants described in this subdivision must be issued only after proper allowance or approval by the governing body. The governing body may not require an allowance or approval for amounts lawfully due in payment of indebtedness or payments due the state, the United States government, or agencies and instrumentalities of the state or the United States government.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

A verification, other than a properly itemized invoice, may not be required for any claim of one hundred dollars (\$100) or less. A claim that exceeds one hundred dollars (\$100) is sufficient as to form if the bill or statement for the claim has printed or stamped on the face of the bill or statement a verification of the bill or statement in language approved by the state board of accounts."

IC 20-26-4-1(e) states:

"Notwithstanding subsection (d) a treasurer may transact school corporation financial business with a financial institution or a public retirement fund through the use of electronic funds transfer. The treasurer must provide adequate documentation to the governing body of transfers made under this subsection. This subsection applies only to agreements for joint investment of money under IC 5-13-9 and to payments to: (1) the Indiana state teachers' retirement fund; or (2) the public employees' retirement fund; from participating employers."

VEBA II SELF-INSURANCE FUND TRANSFER NOT AUTHORIZED BY STATUTE

A transfer of \$2,000,000 was made from the Self-Insurance Fund to National Advisors Trust Company for a trust established for the purposes of investing what was considered by the Insurance Committee to be surplus funds of the self-insurance program

The School Corporation in connection with the transfer established a trust with National Advisors Trust Company (Clark-Pleasant Community School Corporation VEBA Employee Benefit Plan Trust, commonly referred to as VEBA II) with a stated purpose to implement and carry out the purposes of the Employee Benefit Plan.

No information was presented for audit to indicate that the Trust was used to carry out any function other than the investing of the funds transferred, all other activities under the benefit plans has been transacted through the Self-Insurance Fund maintained in the School Corporations records.

IC 20-40-12-5 states:

"The fund may be used to provide money for the following purposes:

- (1) The payment of a judgment rendered against the school corporation, or rendered against an officer or employee of the school corporation for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal).
- (2) The payment of a claim or settlement for which the school corporation is liable under IC 34-13-2, IC 34-13-3, or IC 34-13-4 (or IC 34-4-16.5, IC 34-4-16.6, or IC 34-4-16.7 before their repeal).
- (3) The payment of a premium, management fee, claim, or settlement for which the school corporation is liable under a federal or state statute, including IC 22-3 and IC 22-4.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (4) The payment of a settlement or claim for which insurance coverage is permitted under IC 20-26-5-4(15)."

(See Schedule of Questioned Costs, page 53)

VEBA II LOSSES ON INVESTMENTS NOT AUTHORIZED BY STATUTE

The School Corporation through VEBA II has invested \$2,000,000 transferred from the School Corporation's Self-Insurance Fund (Fund 1100). The funds were divided equally between a cash reserve account invested in a money market mutual fund and a managed account invested in equity mutual funds with portfolios of corporate stock, both domestic and international and in fixed income mutual funds with portfolios that include bonds and other fixed income instruments, some of which include types that have not been authorized by statute for the investment of public funds.

The VEBA II Trust Agreement Between National Advisors Trust Company and Clark-Pleasant Community School Corporation in Section 4.1 states: "The direction of the Trust Fund shall be the sole responsibility of the Employer or any Investment Manager, as applicable, and the Trustee is not authorized to and will not make any decision or direction with respect to the investment of the Trust Fund." Section 4.3 also states: "The Employer (or a properly appointed Investment Manager) has sole authority over the selection of investments for the Employee Benefit Plan and the Trustee has no discretionary authority over the selection of investments for the Employee Benefit Plan, nor for determining whether the Employee Benefit Plan's investments comply with the requirements of law." The Insurance Committee at the September 26, 2006, meeting voted unanimously to have the Windsor Group handle the investments from the fund.

Trading losses in the managed account in the sale of certain mutual funds have resulted in net realized losses in the VEBA II accounts in the amount of \$100,625.28 from the account's inception on July 1, 2007, through March 31, 2009. Additionally, the value of the mutual fund investments has suffered unrealized losses due to a decrease in value in the amount of \$311,280.92 as of March 31, 2009. The combined realized and unrealized losses in the self-insurance reserves in the managed account total \$411,906.20.

IC 5-13-9-2 states:

"(a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

- (1) Securities backed by the full faith and credit of the United States Treasury of fully guaranteed by the United States and issued by any of the following:
  - (A) The United States Treasury.
  - (B) A federal agency.
  - (C) A federal instrumentality.
  - (D) A federal government sponsored enterprise.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

(2) Securities fully guaranteed and issued by any of the following:

- (A) A federal agency.
- (B) A federal instrumentality.
- (C) A federal government sponsored enterprise."

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

(See Schedule of Questioned Costs, page 53)

VEBA I LOSSES ON INVESTMENTS AND FUTURE CONSEQUENCES

The School Corporation through VEBA I invested \$2,987,189 from the sale bonds issued to fund the actuarially computed amount to make an unallocated contribution, which together with future earnings, would be sufficient to provide for the future amount of \$32,086 to a health account for each covered vested employee upon termination of employment. The actuary calculated the amount necessary to provide that sum at termination for each covered person hired prior to January 1, 2004, would total \$7,091,006.

The amounts in VEBA I have been invested at the direction of the same investment manager as the VEBA II funds. Trading losses in this account in the sale of mutual funds have resulted in net realized losses in the VEBA I accounts in the amount of \$142,290.18 from July 1, 2008 through March 31, 2009. Additionally, the value of the mutual fund investments has suffered unrealized losses due to a decrease in value in the amount of \$673,363.06 as of March 31, 2009. The combined realized and unrealized losses in the account total \$815,653.24.

The investment of the VEBA I monies in mutual funds may result in the need for the School Corporation to make additional transfers of funds to provide the agreed upon benefits. The VEBA I Agreement states that if the balance of the unallocated account is or may be insufficient to provide the contribution to the health accounts of all participants who meet the vesting requirements the employer shall make additional contributions to the plan.

IC 5-13-9-2 states:

"(a) Each officer designated in section 1 of this chapter may invest or reinvest any funds that are held by the officer and available for investment in any of the following:

- (1) Securities backed by the full faith and credit of the United States Treasury of fully guaranteed by the United States and issued by any of the following:

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

- (A) The United States Treasury.
  - (B) A federal agency.
  - (C) A federal instrumentality.
  - (D) A federal government sponsored enterprise.
- (2) Securities fully guaranteed and issued by any of the following:
- (A) A federal agency.
  - (B) A federal instrumentality.
  - (C) A federal government sponsored enterprise."

Investments should only be made in accordance with statute. Expenses related to any unauthorized investments may be the personal obligation of the responsible official or employee.

Losses related to investments and investment procedures which are not authorized by statute may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

(See Schedule of Questioned Costs, page 53)

VEBA I COVERAGE FOR INDIVIDUALS EMPLOYED AFTER JUNE 30, 2001

The School Corporation has used money from the sale of bonds to fund a postretirement benefit plan in the VEBA I. The VEBA I Amended Adoption Agreement states:

"The following employees of the Adopting Employer are eligible to participate in the Plan:

- Teachers covered by Master Contract between the Adopting Employer and Clark-Pleasant Education Association who (i) were hired on or before January 1, 2004; and (ii) were still employed as of April 30, 2005.
- Administrators employed by the Adopting Employer at any time on or after November 16, 2004."

An actuary was used to determine a Post-Retirement Section 125 Actuarial Liability. The calculation by the actuary determined that the amount required to fund the liability for 221 individuals at December 1, 2005, was \$2,987,189. The \$2,987,189 included \$510,396 for 71 individuals employed after June 30, 2001.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 20-46-1-2 states in part:

". . . A school corporation . . . may issue bonds to implement solutions to contractual retirement or severance liability. The issuance of bonds for this purpose is subject to the following conditions:

- (1) The school corporation may issue bonds under this section only one (1) time.
- (2) A school corporation described in subsection (b)(1) or (b)(2)(A) must issue the bonds before July 1, 2006. A school corporation described in subsection (b)(2)(B) must file a petition with the department of local government finance under IC 6-1.1-19-8 requesting approval to incur bond indebtedness under this section before July 1, 2006.
- (3) The solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001."

(See Schedule of Questioned Costs, page 53)

OTHER ACTIONS

We are forwarding a copy of our Audit Report to the Prosecuting Attorney of Johnson County and the Attorney General of the State of Indiana for further consideration.

SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on June 3, 2009, with Steve Sonntag, Business Manager; Karen Canary, Treasurer; Tara Sciscoe, Attorney; and David Penoff, Board member. The official response has been made a part of this report and may be found on pages 12 through 52.



## CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION

50 Center Street • Whiteland, Indiana 46184-1698 • (317) 535-7579 • FAX (317) 535-4931

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August 13, 2009

Charles W. Nemeth, Supervisor  
School & Township, Accounting & Audits  
State Board of Accounts  
302 West Washington Street, Room E418  
Indianapolis, IN 46204-2738

Dear Mr. Nemeth:

In addition to our legal counsel's response, to the supplemental audit report, we, the fiscal officers of the district would like to make the following statement.

In the many years that we have served in our roles as fiscal officers of the Clark-Pleasant Schools, we have always heeded the direction and advice of the State Board of Accounts representatives. In establishing the School's two VEBAs and making decisions as to how to invest the VEBA Trust funds, we have sought and relied upon the direction and advice of many professionals, including legal counsel, health plan consultants, independent financial advisors, third party administrators, and others, and believe our actions to be fully compliant with Indiana and federal law. At all times, we acted with the approval and knowledge of the School Board of Trustees and, with respect to the Employee Benefit Plan VEBA, pursuant to the direction of the members of the Employee Benefit Plan Committee (which members represent all employee groups covered by the Employee Benefit Plan VEBA). We have also worked diligently and responsibly to insure the stability of the VEBA Trust fund investments, with the assistance of an independent financial advisor. No action was taken to implement the VEBAs or to invest the VEBA Trust funds until all relevant parties agreed to proceed. Throughout each step of this process, we acted in accordance with the accepted procedures set forth by the State Board of Accounts.

In the past, when the State Board of Accounts has deemed corrections to be necessary, we have always acted swiftly and in full compliance with the State Board of Account's recommendations. It is our view that in this case the State Board of Accounts did not follow the same procedures as it has in the past. Potential issues were not brought to our attention during the course of the audit for discussion and, to the extent warranted, correction. Rather, we first became aware of the State Board of Account's specific questions during the exit conference. We remain more than willing to work together to resolve whatever issues still remain after the State Examiner reviews our case and assure you that we will continue to fully adhere to all guidelines and procedures as defined by the State Board of Accounts.

Thank you for considering our additional comments as we attempt to move ahead in seeking full resolution to the questions you have raised.

Sincerely,

Karen S. Canary, Treasurer & Benefits Coordinator

Steven D. Sonntag, Director of Business

VISION ... EXCELLENCE

August 7, 2009

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***VIA ELECTRONIC TRANSMISSION  
And HAND DELIVERY***

Mr. Charles W. Nemeth, Supervisor  
School & Township, Accounting & Audits  
State Board of Accounts  
302 West Washington Street  
Room E418  
Indianapolis, IN 46204-2738

**Re: Clark-Pleasant Community School Corporation VEBA Employee Benefit Plan, EIN 26-4445999  
Clark-Pleasant Community School Corporation VEBA Health Savings Plan, EIN 20-4402461**

Dear Chuck:

We are writing you on behalf of and as legal counsel for Clark-Pleasant Community School Corporation ("School"). During its exit conference with the School on June 3, 2009, the State Board of Accounts ("SBOA") presented the School with a draft report relating to the School's two voluntary employees beneficiary associations ("VEBAs"), the Clark-Pleasant Community School Corporation VEBA Health Savings Plan ("VEBA I") and the Clark-Pleasant Community School Corporation VEBA Employee Benefit Plan ("VEBA II"). The draft report raised five issues with respect to VEBA I and VEBA II. We have subsequently met and had phone discussions with you, Stan Mettler, and Kerry Fleming from the SBOA regarding the draft report.

This letter is our written response to the SBOA's June 3, 2009 draft report, as clarified by our subsequent discussions. Consistent with our discussions, the School continues to take exception to the draft report's ultimate conclusions. However, the School desires to resolve all remaining issues without adverse consequences for its employees or the need for any additional expenses or involvement of additional parties. Consequently, in responding to the draft report, we have first fully outlined the factual background relating to both VEBA I and VEBA II. We have then outlined the requirements under Section 501(c)(9) of the Internal Revenue Code ("Code") relating to voluntary employees beneficiary associations. Finally, we have addressed each of the five issues set forth in the June 3, 2009 draft report. As to each issue, we have detailed our response for why we believe the School's original actions were within the law, but have also included a description of actions the School has already taken to remedy the issue, and any additional actions the School intends to take to fully resolve any remaining issues. We hope

this approach is helpful. (Please note that we have only attached documents to this letter that have not previously been provided to the SBOA.)

### **FACTUAL BACKGROUND RELATING TO VEBA I**

First, please see the chart attached as Appendix A entitled "Description of June 30, 2001 Obligations." This chart reflects each unfunded, post-retirement obligation on June 30, 2001, and how it is being addressed by the School. Second, to supplement this chart, we have provided in this section a brief narrative description of the restructuring and the bonding that occurred under SB 199 and HB 1120.

#### **Initial Restructuring and Bonding Under SB 199**

During the early 2000's, the School analyzed the School's post-retirement obligations. It was clear that those obligations needed to be restructured to avoid adverse tax consequences to the School and its retirees and also need to be funded. Note that this early analysis did not encompass retiree health benefits, but instead covered retirement and severance benefits only. The School and the Clark-Pleasant Education Association ultimately agreed to restructure the June 30, 2001 severance benefit and the retirement incentive benefit into two separate components:

- specified contributions would be made on behalf of eligible employees during their employment to a defined contribution plan under Code Section 401(a), and
- post-retirement contributions would be made to a Code Section 125 cafeteria plan on behalf of eligible employees who retire from the School.<sup>1</sup>

In 2002, Ice Miller calculated that the total amount needed to fund these unfunded liabilities (again, not including retiree health benefits) as of August 1, 2000, was \$6,958,985. Ice Miller determined that the present value of the School's unfunded liability with respect to the benefit promises that would be restructured as contributions to the 401(a) plan only was \$2,503,865 as of August 1, 2000. In 2002, the School received \$2,455,000 in bond proceeds issued under SB 199.<sup>2</sup> The portion of the buyout related to the severance benefit and retirement incentive benefit that was to be funded by the post-retirement Code Section 125 cafeteria plan contributions could not be "pre-funded" due to the constitutional debt limit.

#### **Subsequent Restructuring and Bonding Under HB 1120**

In 2005, the School reviewed its progress on funding the previously restructured retirement and severance benefits (the 401(a) Plan solution and the 125 plan solution). It also began work on the unfunded liability associated with its retiree health benefits, which had not been part of the earlier effort since the School did not have the capacity to address that benefit at that time. Niles Lankford issued an August 15, 2005 study which determined that the present

value of the post-retirement 125 plan benefits was \$2,987,189 as of December 1, 2005. Niles Lankford also issued an updated study on September 19, 2005 which determined that the present value of the restructured benefits payable to the 401(a) Plan was \$2,493,164 as of July 31, 2001. Educational Services Company issued a September 27, 2005 study which determined that the present value of the unfunded retiree health benefits was \$11,596,652 as of June 30, 2001. The School bonded under HB 1120 for \$4,000,000.

As part of this buy-out, the School and the Clark-Pleasant Education Association agreed to restructure the post-retirement 125 plan benefit due to changes in the tax Code and regulations which made such plans less tax-advantaged. Post-retirement 125 plan benefits were generally eliminated for new hires after January 1, 2004. The School, by action of the Board on August 16, 2005, established VEBA I, a voluntary employees beneficiary association under Code Section 501(c)(9), effective January 1, 2006.<sup>3</sup> VEBA I is a legal entity separate from the School.<sup>4</sup> The IRS issued a letter approving VEBA I as a voluntary employees beneficiary association under Code Section 501(c)(9) on March 8, 2007.

VEBA I was funded by the School by a transfer on February 28, 2006, of HB 1120 bond proceeds to the VEBA I Trustee in the amount of \$2,987,189. This amount is held in Trust as an unallocated contribution to provide benefits in accordance with the Trust. When a participant satisfies the vesting requirements under VEBA I, an amount of the unallocated account equal to \$32,086 is allocated to the participant's individual account. (VEBA I, Art. VI, 6.1). The School directs the investment of the unallocated contribution, and participants direct the investment of their individual accounts. (VEBA I, Art. VI, 6.3).

## **FACTUAL BACKGROUND RELATING TO VEBA II**

### **Establishment of Employee Benefit Plan**

The School participated in the health, dental and life insurance programs offered through East Central Indiana School Trust until January 1, 2004. Effective January 1, 2004, the School (with the agreement of the Clark-Pleasant Education Association) withdrew from the East Central Indiana School Trust and established the Clark-Pleasant Community School Corporation Employee Benefit Plan and Employee Dental Benefit Plan ("Employee Benefit Plan") for its eligible employees and retirees. The Employee Benefit Plan incorporates a self-insured group health program (including medical, prescription drug, vision and dental), a fully-insured group life insurance program, and a fully-insured group long-term disability program.

Group health, life and disability benefits under the Employee Benefit Plan are available to eligible employees of the School. Group health benefits under the Employee Benefit Plan are also available to retired teachers who were entitled to such benefits on June 30, 2001. Effective September 1, 2001, the employees eligible for retiree health benefits was narrowed to retired teachers who (i) have attained age 50 by January 1 of the first year of retirement, (ii) have 20 years of service, with at least the most recent 15 years of service with the School, and (iii) give timely notice of retirement. (Master Contract, Art. XII(1), (5), (6)). Group health benefits are

also available to other non-certified retirees who have attained age 50 with 15 years of service. (Health Certificate, p. 13). For retired teachers, the School pays an amount equal to the annual premium cost of the single health and dental insurance plan until Medicare eligibility. (Master Contract, Art. XII(5), (6)). The School included these retiree health benefits in its bond request under HB 1120 in 2005 with respect to liabilities incurred as of June 30, 2001. For other employees, the School pays a percentage of the premium as determined by the Board from year to year. (Classified Handbook, p.3; Transportation Handbook, p. 10).

The School Board approved and adopted by-laws ("By-laws") for the Employee Benefit Plan by resolution dated December 16, 2003. The By-laws created an Employee Benefits Committee ("Committee") comprised of representatives from all eligible employee groups, including retirees. (By-Laws, Section 2.2). The Board has responsibility for appointing members representing the School, and the Clark Pleasant Education Association has responsibility for appointing members representing the teachers.

The By-Laws require establishment of a separate fund to hold all contributions and receipts related to the Plan. (By-laws, Section 3.1). The By-Laws require that any monies transferred to the fund not be expended for any purpose other than payment of Plan expenses. *Id.* The By-Laws also assign to the Employee Benefits Committee numerous administrative and operational responsibilities relating to the Employee Benefit Plan, including those relating to reserve and surplus funds. (By-laws, Sections 1.2, 2.3, 3.2). The Board intended that the Employee Benefits Committee, comprised of representatives of the employee and retiree members of the Employee Benefit Plan, be responsible for all administrative, operational, and investment responsibility relating to the Employee Benefit Plan, and both the Board and the Employee Benefit Committee interpreted the By-Laws accordingly. Accordingly, in order to clarify this intent, the Board ratified the Employee Benefit Committee's actions relating to its administration of the Employee Benefit Plan and investment of Employee Benefit Plan funds at its June 16, 2009 meeting.

### **Establishment of VEBA II**

The School historically paid claims under the Employee Benefit Plan through the Self-Insurance Fund 1100. It established an account with Fifth Third Bank on which it could draw checks to pay premiums, and on which the third party administrator, Principal Life Insurance Company (originally J.F. Molloy & Associates), could draw to pay claims. Effective May 15, 2007, the Employee Benefit Committee established VEBA II, a legal entity separate from the School. VEBA II was established to pay claims under the Employee Benefit Plan, and constitutes a tax-exempt voluntary employee benefits association under Code Section 501(c)(9).<sup>5</sup> VEBA II has not yet been filed with the IRS, but has until August 31, 2009 to do so under the applicable IRS rules.

On June 12, 2007, the Employee Benefits Committee, as authorized by the By-Laws and in accordance with the terms of the Trust, recommended and approved the investment of the cash reserves for the Employee Benefit Plan in a managed account and a cash reserve account under

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VEBA II. On June 26, 2007, \$2,000,000 was transferred by wire transfer to National Advisors Trust from Fifth Third Bank, of which \$1,000,000 was invested in a cash reserve account and \$1,000,000 was invested in a managed account. The Windsor Group was approved by the Board to serve as the investment manager for the VEBA II Trust, and has agreed that it is acting as a fiduciary under the ERISA fiduciary standards in doing so.

While the Employee Benefit Plan dated January 1, 2004, provides that all contributions to the Plan are part of the general assets of the School, and all benefits provided under the Plan are paid out of the general assets of the School, this language became inoperable and superfluous after May 15, 2007, when VEBA II was adopted. (Employee Benefit Plan, Section 5.3). The School continued to maintain a bank account (originally Fifth Third Bank, then Lincoln Bank Summerfield, which is now First Merchants), from which both it and Principal Life Insurance Company continue to pay premiums and claims. However, the VEBA II Trust also served to fund benefits and claims under the Employee Benefit Plan as needed due to negative claims experience and/or payment of run-out claims, effective May 15, 2007.

At its June 16, 2009 meeting, in order to clarify its original intent that the By-Laws fully authorize the Employee Benefits Committee to administer and operate the Employee Benefit Plan, including to establish VEBA II and transfer funds to VEBA II, the Board ratified all prior Committee actions relating to the Employee Benefit Plan administration, establishment of VEBA II, and the \$2,000,000 transfer. Additionally, by resolution at its June 16, 2009 meeting, the Board clarified its intent that the Employee Benefit Committee members serve as fiduciaries with respect to their administration of the Employee Benefit Plan and investment of the VEBA II assets. Finally, at its July 21, 2009 meeting, the Board approved a claims voucher for the \$2,000,000 transfer to provide written documentation for School records as to the nature of the transfer. *See* Exhibit A.

### **VOLUNTARY EMPLOYEES BENEFICIARY ASSOCIATION**

A voluntary employees beneficiary association ("VEBA") is a separate, independent legal entity (*e.g.* a non-profit corporation or a trust organized under state law) from the employer that establishes it or from its employee members. Treas. Reg. § 1.501(c)(9)-2(c)(1). Code Section 501(c)(9) provides that a VEBA is exempt from taxation under Code Section 501(a), and describes VEBAs as follows:

voluntary employees' beneficiary associations providing for the payment of life, sick, accident, or other benefits to the members of such association or their dependents or designated beneficiaries, if no part of the net earnings of such association inures (other than through such payments) to the benefit of any private shareholder or individual.

An organization must satisfy several requirements to qualify as a VEBA, including:

- (i) Employees' association. The membership of the organization must generally consist of employees or former employees of a common employer, and eligibility for membership is subject to nondiscrimination rules. Treas. Reg. § 1.501(c)(9)-2(a)(1); Treas. Reg. § 1.501(c)(9)-2(b). The organization must be established as a separate legal entity, such as a corporation or a trust, independent of the employee members or their employer. Treas. Reg. § 1.501(c)(9)-2(c). A VEBA must be controlled by the employee membership, an independent trustee, or a trustee or fiduciary designated by or on behalf of the membership. Treas. Reg. § 1.501(c)(9)-2(c)(3). Control is deemed present when the membership (either directly or through its representative) elects, appoints or otherwise designates a person or persons to serve as the administrator or trustee of the organization.

A VEBA is considered to be controlled by independent trustees if it is an employee welfare benefit plan defined in ERISA Section 3(1) subject to Parts 1 and 4 of Subtitle B, Title 1 of ERISA. An "employee welfare benefit plan" is a plan or fund maintained for the purpose of providing welfare benefits for its participants or their beneficiaries. ERISA provides that trustees are to be either named in the plan or the trust instrument or appointed by a person who is a named fiduciary. DOL Reg. § 2550.403a-1(c)(1). Similarly, if the ERISA standards are satisfied, the employer or an officer of the employer may serve as trustee of the VEBA. Jt. Comm. Explanation, 12-31-84, P.L. 98-369, p. 796.

- (ii) Voluntary membership. Membership in the association must be voluntary. Generally, membership is voluntary if an affirmative act is required on the part of an employee to become a member. However, an organization is considered voluntary even if membership is required if the employees do not incur a detriment as the result of membership in the association. Treas. Reg. § 1.501(c)(9)-2(c).
- (iii) Permissible benefits. An organization can only provide for life, sick, accident or other benefits to its members or their dependents or designated beneficiaries, and substantially all of its operations must be in furtherance of providing such benefits. Treas. Reg. § 1.501(c)(9)-3. "Sick and accident benefits" means amounts furnished to or on behalf of members or their dependents in the event of illness or personal injury, and may be provided through reimbursement or through payment of premiums to a medical insurance program. Treas. Reg. § 1.501(c)(9)-3(c).
- (iv) No private inurement. No part of the net earnings of the organization may inure to the benefit of any private shareholder or individual, other than through the payment of permitted benefits. Treas. Reg. § 1.501(c)(9)-4(a). Assets cannot revert to the employer upon termination of the VEBA. Treas. Reg. § 1.501(c)(9)-4(d).

An organization is required to timely file an application for recognition as a VEBA with the Internal Revenue Service ("IRS").

VEBA I satisfies each of the above requirements for exemption from tax under Code Section 501(c)(9). The members of VEBA I are former employees of the School, who voluntarily participate in VEBA I in that they do not incur a detriment through their participation. VEBA I was established as a separate legal trust, with an independent employer identification number, under federal and state law. VEBA I assets are held by an independent Trustee pursuant to the terms of the Trust Agreement and invested pursuant to the direction of an independent investment manager as a fiduciary to the Trust. VEBA I is administered by America's VEBA Solution, an independent legal entity from the School. The health and welfare benefits provided under VEBA I are all permissible benefits under Code Section 501(c)(9). The VEBA I Plan document incorporates the rule against private inurement, and provides that assets cannot revert to the School. The Internal Revenue Service recognized the tax-exempt status of VEBA I on March 8, 2007.

Likewise, VEBA II satisfies each of the above requirements for exemption from tax under Code Section 501(c)(9). The members of VEBA II are employees and former employees of the School, who choose to voluntarily participate in VEBA II by enrolling in the incorporated benefit programs. VEBA II was established as a separate legal trust, with an independent employer identification number, under federal and state law. VEBA II assets are held by an independent Trustee pursuant to the terms of the Trust Agreement, and invested pursuant to the direction of an independent investment manager as a fiduciary to the Trust. VEBA II is administered by the Employee Benefits Committee, which is comprised of representatives of each employee group appointed in part by the Clark-Pleasant Education Association and in part by the Board, and has independent responsibility for administration, operation, and investment of VEBA II. The Employee Benefit Committee members serve in a fiduciary capacity with respect to VEBA II. The health, dental, vision, life and long-term disability benefits provided under VEBA II are all permissible benefits under Code Section 501(c)(9). Lastly, the Trust Agreement incorporates the rule against private inurement, and provides that assets cannot revert to the School.

### **DISCUSSION OF SBOA FINDINGS**

In its draft report, the SBOA set forth the following five findings with respect to its review of VEBA I and VEBA II:

- (I) School Board approval was not secured with respect to the adoption of VEBA II.
- (II) School Board approval was not secured with respect to the transfer of the \$2,000,000 from the Self-Insurance Fund to VEBA II.

- (III) The transfer of the \$2,000,000 from the Self-Insurance Fund to VEBA II was not authorized by Indiana Statute.
- (IV) The VEBA I and VEBA II investment losses were not authorized by Indiana Statute.
- (V) Bond proceeds were contributed to VEBA I to support unfunded liability arising after June 30, 2001.

We discuss each of these findings below.

**I. School Board approval was not secured with respect to the adoption of VEBA II.**

The draft report states that the establishment of VEBA II was not approved by the School Board, and cites to I.C. 20-26-4-8. I.C. 20-26-4-8 states that although the president and secretary of a school board are authorized to sign contracts on behalf of the board, the contract must be approved by a majority of the board.

The Board acted within its statutory authority in establishing the Employee Benefit Committee as a separate employee association to administer the Employee Benefit Plan and invest the VEBA II Trust fund. *See* I.C. 20-26-5-4(18); I.C. 20-26-5-14.

**SCHOOL ACTION TAKEN TO RESOLVE THIS FINDING:** The School continues to take exception to the SBOA's finding and does not believe that any additional action is needed. However, to resolve the SBOA finding that explicit School Board approval was necessary to adopt VEBA II, rather than relying on the delegation to the Employee Benefits Committee, at its June 16, 2009 meeting, the Board affirmed the Employee Benefits Committee's actions in establishing the VEBA II Trust to make absolutely clear the Board's intent that the Committee has full, independent authority relating to administering, funding, and investing the assets of the Employee Benefit Plan. I.C. 20-26-5-4(19) permits retroactive approval and ratification of actions taken by an officer or employee of the school corporation after the action is taken.

The School understands that this action fully resolves this finding.

**II. School Board approval was not secured with respect to the transfer of the \$2,000,000 from the Self-Insurance Fund to VEBA II.**

The draft report states that the \$2,000,000 transfer from the Self-Insurance Fund 1100 to National Advisors Trust Company, Trustee for VEBA II, was not approved by the School Board. The draft report cites to I.C. 20-26-4-1(d) and (e). I.C. 20-26-4-1(e) does not require school board approval of transfers, but only that the school treasurer provide adequate documentation to the board for electronic fund transfers when transacting school corporation financial business with a financial institution. This is clearly reflected in the history of the Self-Insurance Fund.

Notwithstanding, as discussed in Section I above, the Board properly established the Employee Benefits Committee as a separate, independent employee association to administer and operate the Employee Benefit Plan, and the Employee Benefits Committee as an independent employee association established the VEBA II Trust and approved the transfer.

**SCHOOL ACTION TAKEN TO RESOLVE THIS FINDING:** The School continues to take exception to the SBOA's finding and does not believe that any additional action is needed. However, to resolve the SBOA finding, the Board has taken the following actions:

- (1) The Board affirmed the Employee Benefits Committee's actions by Board resolution at its June 16, 2009 meeting. *See* I.C. 2-26-5-4(19).
- (2) The Board approved a written claims voucher documenting the transfer at its July 21, 2009 meeting.

The School understands that these actions fully resolve this finding.

**III. The transfer of the \$2,000,000 from the Self-Insurance Fund to VEBA II was not authorized by Indiana Statute.**

The draft report states that the School did not present information that VEBA II was used to carry out any function other than the investment of the funds transferred, and that all other activities of the Employee Benefit Plan were transacted through Self-Insurance Fund 1100. The draft report does not cite to any support as to why, assuming this were true, it would violate State statute or accounting standards. Rather, the draft report cites to I.C. 20-40-12-5, which restricts the Self-Insurance Fund 1100 to certain uses. I.C. 20-40-12-5(4) provides that the Self-Insurance Fund may be used to pay any settlement or claim for which insurance coverage is permitted under I.C. 20-26-5-4(15). I.C. 20-26-5-4(15)(A) permits a school to purchase insurance or to establish and maintain a program of self-insurance to benefit school corporation employees, including accident, sickness, health or dental coverage so long as the plan includes an aggregate stop-loss provision.

VEBA II was established to hold reserves to cover incurred but not reported claims and to fund the difference between total premium and total maximum cost with respect to the Employee Benefit Plan. VEBA II by its terms can be used only to pay claims under the Employee Benefit Plan; no other use of the VEBA II Trust assets is permitted under the terms of the Trust. Moreover, the VEBA II Trust assets can never revert back to the School for any use other than to pay claims under the Employee Benefit Plan. The School Board has approved a claims voucher documenting the transfer from the Self-Insurance Fund to VEBA II to pay claims under the Employee Benefit Plan. The payment of claims relating to a self-insured health program and fully-insured disability and life insurance program are uses of the Self-Insurance Fund that are expressly permitted by I.C. 20-40-12-5(4), and, therefore, the transfer from the Self-Insurance Fund to the VEBA II Trust does not violate I.C. 20-40-12-5(4). It is irrelevant that the VEBA II Trust Fund is not being used to pay day-to-day claims but rather is being held

to pay claims only as needed as a result of negative claims experience. There is nothing in I.C. 20-40-12-5(4) which requires that funds be used with any particular frequency, so long as the Self-Insurance Fund is actually used for health claims.

Further, once amounts from the Self-Insurance Fund were transferred to VEBA II for uses authorized under I.C. 20-40-12-5(4), the amounts are no longer subject to I.C. 20-40-12-5(4) in that they are not being held in the Self-Insurance Fund 1100, but are instead assets held by a separate legal entity (*i.e.* the VEBA II Trust) that is not controlled by the School, which cannot inure to the School's benefit, and which cannot revert to the School upon termination of VEBA II. This is the same result as with the East Central Community School Trust in which the School formerly participated.

Moreover, a school corporation has authority to exercise any power and make any expenditure in carrying out the purposes set forth in I.C. 20-26-5 which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, even though the power or expenditure is not specifically set out in I.C. 20-26-5. I.C. 20-26-5-4(20). I.C. 20-26-1 through -5, I.C. 20-2-7, I.C. 20-40-12, and I.C. 20-48-1 shall be liberally construed to permit the governing body of a school corporation to conduct its affairs in a manner consistent with sound business practice to the ends that the authority of the governing body is clarified and that it is permitted to operate with the maximum efficiency consistent with accountability. I.C. 20-26-5-14.

I.C. 20-26-3-1 provides that notwithstanding any other law, the policy of the State is to grant each school corporation all the powers needed for the effective operation of the school corporation. Any doubt as to the existence of a power of a school corporation must be resolved in favor of the existence of the power. I.C. 20-26-3-2 (emphasis added). A school corporation has all powers granted to the school by statute and all other powers necessary or desirable in the conduct of the school corporation's affairs, even if the power is not granted by statute or rule. I.C. 20-26-3-3(b). The omission of a power from a statute does not imply that school corporations lack that power. I.C. 20-26-3-3(c). A school corporation may exercise any power the school corporation possesses to the extent that the power is not expressly denied by the Constitution of the State of Indiana, by statute, or by rule of the State board. I.C. 20-26-3-4 (emphasis added).

The School's transfer of \$2,000,000 from the Self-Insurance Fund 1100 to VEBA II to pay claims under the Employee Benefit Plan, a permissible purpose under I.C. 20-26-5, is expressly authorized by I.C. 20-26-5-4(2) and I.C. 20-26-5-14. Moreover, the School has all powers necessary or desirable in the conduct of the School's affairs, even if it were not explicitly granted by statute, and any doubt as to the existence of the School's authority to make the transfer must be resolved in favor of the existence of the power. The transfer to VEBA II to pay claims under the Employee Benefit Plan was desirable in the conduct of the School's affairs in order to ensure sufficient reserves for negative claims experience and run-off claims. The transfer was not prohibited by the Constitution of the State of Indiana or Indiana Statute. For

these reasons, we believe that the transfer from the Self-Insurance Fund to VEBA II was authorized under Indiana law and we disagree with the SBOA's finding.

**SCHOOL ACTION TAKEN TO RESOLVE THIS FINDING:** The School continues to take exception to the SBOA's finding and does not believe that any action is required because the transfer was authorized under Indiana law. However, to resolve the SBOA finding that the SBOA believes that a claim voucher documenting the transfer to pay claims under the Employee Benefit Plan was required, the School Board retroactively approved a claim voucher at its July 21, 2009 meeting.

**PROPOSED ADDITIONAL SCHOOL ACTION:** Notwithstanding the School's position, in the interest of resolving the remainder of this finding, the School proposes to take the following additional steps:

- (1) Direct the investment manager to implement an orderly transition from the current investments in VEBA II to cash or cash equivalents that satisfy the investment restrictions on public funds under I.C. 5-13-9-2. *See* Exhibit C for the most recent financials relating to the VEBA II investments.
- (2) Take Board action to amend and terminate the VEBA II Trust, and direct the Trustee to pay the Trust assets into a sub-account of the Self-Insurance Fund 1100 that can be used only to pay claims and premiums under the Employee Benefit Plan on behalf of participants and beneficiaries.

We believe that these actions, when taken, will fully satisfy the SBOA's concerns regarding VEBA II.

#### **IV. The VEBA I and VEBA II investment losses were not authorized by Indiana Statute.**

The draft report states that VEBA I and VEBA II Trust assets were required to be invested in accordance with the requirements under I.C. 5-13-9-2. The draft report also states that National Advisors Trust Company is not listed as an approved depository by the Office of the Indiana State Treasurer, and cites to I.C. 5-13-8-1.

The School takes exception with the SBOA's findings for the following reasons.

##### ***Assets Not Public Funds Subject to Approved Depository Requirements***

I.C. 5-13-8-1 applies only to the deposit of "public funds" being held on behalf of a school. In this case, assets were transferred from Fund 0620 (in the case of VEBA I) and the Self-Insurance Fund 1100 (in the case of VEBA II) to a separate legal entity under Code Section 501(c)(9) that is not controlled by the School, and from which the School can receive no benefit or reversion of funds. As with Code Section 401(a) and 403(b) plans, under Code Section

501(c)(9) the School has no right to either of the VEBA Trust funds once the School has made the contribution to the Trust, a separate legal entity. The Trust fund assets are not public funds and are not being held on behalf of a school corporation, and, therefore, I.C. 5-13-8-1 does not apply.

***Assets Not Held by School Officer***

I.C. 5-13-9-1 provides that "in addition to any other statutory power to make investments," each fiscal officer of a school may invest any funds "held" by the officer in accordance with I.C. 5-13-9. I.C. 5-13-9-2(a) provides that the fiscal officer may "invest or reinvest any funds that are held by the officer and available for investment" in United States Treasury bonds and federal securities. (emphasis added). I.C. 5-13-9-2(d) provides that the investing officers are the "legal custodians" of any securities under I.C. 5-13-9.

The assets in the VEBA I or VEBA II Trust are not "held by" a School officer, nor is a School officer the "legal custodian" of these assets. Rather, the assets in VEBA I and VEBA II are held by the respective VEBA Trust, a separate, independent legal entity under Code Section 501(c)(9). The School does not control either VEBA Trust, nor can any asset under the Trust inure to the School's benefit, nor may any Trust assets revert back to the School upon termination. Again, as with Code Section 401(a) and 403(b) plans, the School has no right to the VEBA Trust funds once the School has made the contribution to the Trust, a separate legal entity. VEBA I, a separate legal entity, has its assets held by an independent Trustee, and The Windsor Group serves as its independent investment manager with fiduciary responsibility for investing the Trust assets. With respect to VEBA II assets, an independent Trustee holds the assets and The Windsor Group again serves as its investment manager with fiduciary responsibility for investing the Trust assets. In addition, an employee association administers and operates VEBA II. The assets in the VEBA Trusts are not the School's funds held by a School officer within the meaning of I.C. 5-13-9-1. Accordingly, they are not subject to the investment restrictions of I.C. 5-13-9.

***Ancillary Guidance Assumes Investment Restrictions Do Not Apply***

I.C. 20-48-1-2(c) authorized school corporations to issue bonds for a limited period of time to implement solutions that were reasonably expected to reduce the school's unfunded contractual liability for retirement or severance payments as they existed on June 30, 2001. "Retirement or severance liability means the payments anticipated to be required to be made to employees of a school corporation upon or after termination of the employment of the employees by the school corporation under an existing or previous employment agreement." I.C. 20-48-1-2(a). Attorney General Opinion 2003-3 noted that retirement benefits, self-insured health care benefits if funded at least in part by the school corporation, and severance pay are each a "retirement and severance liability" if payments are anticipated to be made to employees upon or after termination. School corporations bonding under this statute hired actuarial firms to conduct studies of the present value of their unfunded retirement or severance liability, which they then presented to the Department of Local Government Finance ("DLGF") along with their

proposed retirement plan solutions to support their bond request. The actuarial studies used certain assumptions in determining the present value of these unfunded liabilities, which were not tied to I.C. 5-13-9. As a practical matter, a finding that an unallocated VEBA is subject to state investment restrictions solely because of its pooled nature would undermine the premise on which many buy-outs were founded that pre-funding a portion (or all) of the obligations would allow investment returns to pay for part of the obligations.

I.C. 20-42-4 requires that a school corporation that establishes a new retirement or severance plan after June 30, 2001, or includes in a contract or collective bargaining agreement any provisions that increase the benefit or unfunded liability under an existing retirement or severance plan, must pre-fund the retirement or severance benefits on an actuarially sound basis. Assets used to fund a retirement or severance plan must be placed in a separate fund or account, and not be commingled with other assets of the school corporation. *Id.* Attorney General Opinion 2003-3 recognized that a plan adopted after June 30, 2001, may not be self-funding, such as a defined contribution plan would be, and that an actuarial study or other appropriate calculation must be made to ensure that the plan is funded on an actuarially sound basis. Thus the Attorney General Opinion clearly contemplated some of the programs would be essentially a defined benefit commitment carried from the June 30, 2001 contract, *e.g.* funding a benefit equal to single premium health premiums. There is no reference to application of investment restrictions with respect to these solutions. This type of solution is the only one that would require on-going actuarial analysis. Those benefits fully "bought out" into account balances would not. It is clear that the Attorney General (like the DLGF to which the solutions and the studies supporting them were presented) was aware that the solutions being implemented by school corporations included defined benefit commitments funded on an actuarially sound basis.

**PROPOSED SCHOOL ACTION.** The School does not believe that any action is required with respect to the VEBA I Trust since the Trust assets are held by a separate legal entity from the School, are administered by a separate legal entity, and are invested by a separate investment manager with fiduciary responsibility. Notwithstanding, in the interest of resolving this finding, the School proposes to make the following amendments to VEBA I:

- (1) Amend VEBA I to provide that the School is not required to make any additional contributions to the VEBA I Trust.
- (2) Amend VEBA I to provide that the unallocated account shall be invested by the Plan Trustees.

The proposed amendment accomplishing these changes is attached as Exhibit B, which will be submitted to the School Board for approval. The School further proposes that the Trustees for the 401(a) Plan (the Superintendent, the Treasurer, and the President of the Clark Pleasant Community Education Association) be appointed Trustees for VEBA I, and that Schwab serve as a custodian of the Trust assets. The Trustees would enter into a Trust Agreement with the School agreeing to serve as Trustee for VEBA I with fiduciary responsibility over the VEBA I

Trust assets. We believe that this proposed solution satisfies the SBOA's concerns regarding VEBA I.

The School has addressed VEBA II in Section III above.

**V. Bond proceeds were contributed to VEBA I to support unfunded liability arising after June 30, 2001.**

The draft report states that the \$510,396 of the HB 1120 bond proceeds that were deposited into VEBA I were attributable to 71 employees who were employed after June 30, 2001. The draft report concludes that this amount of the funding of VEBA I violated I.C. 20-46-1-2. I.C. 20-48-1-2 provides that a school corporation may issue bonds to implement solutions to contractual retirement or severance liability. One condition of issuing these bonds was that "the solution to which the bonds are contributing must be reasonably expected to reduce the school corporation's unfunded contractual liability for retirement or severance payments as it existed on June 30, 2001." I.C. 20-48-1-2(c)(3).

VEBA I was established to replace an existing unfunded post-retirement 125 plan benefit that was put into place effective September 1, 2001, as part of a restructuring of unfunded liabilities existing as of August 1, 2000. The August 15, 2005 updated actuarial study of this unfunded liability, which was presented to the DLGF during its hearing, reflected that the present value of the unfunded liability was \$2,987,189 as of December 31, 2005. \$2,476,793 of this amount was attributable to individuals hired prior to June 1, 2001. An amount equal to \$2,987,189 of the bond proceeds was deposited into VEBA I on February 28, 2006.

Since the School had a significantly higher unfunded liability than it had the constitutional capacity to bond for, the School was not concerned that the Niles Lankford study included post-2001 hires, but it inadvertently then used the study as the measure of how much in bond proceeds should be forwarded to fund VEBA I. At this date, no benefits have been paid from VEBA I on behalf of employees hired on or after July 1, 2001.

**PROPOSED SCHOOL ACTION.** The School proposes to make the following amendments to VEBA I:

- (1) Amend VEBA I to make clear that the HB 1120 bond funds held in the VEBA I Trust can be used only to fund the allocated accounts of participant who were employed by the School on June 30, 2001.
- (2) Amend VEBA I to permit VEBA I assets to be used to pay for retiree health obligations liabilities existing as of June 30, 2001, which were included in the HB 1120 bonding request.

The \$510,396 transferred to VEBA I that was attributable to post-2001 hires would be used to fund those permissible liabilities, rather than any amounts for post-2001 hires. The proposed

amendment accomplishing these changes is attached as Exhibit B, which will be submitted to the School Board for approval. Since no benefits have yet been paid to employees hired on or after July 1, 2001, and since the amendment will preclude any such payments in the future, we believe that these actions, when taken, will fully resolve the SBOA's concerns regarding this matter.

### **PERSONAL LIABILITY**

Because the draft report concludes that the Trust assets were invested in instruments that are not authorized under I.C. 5-13-9-2, the draft report concludes that the realized losses in the VEBA I Trust and the realized losses in the VEBA II Trust may be the personal obligation of the responsible official. The draft report cites to Chapter 9 of the Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations. We believe that with the proposed changes to VEBA I (as discussed in our last meeting), there is no concern under I.C. 5-13-9-2 with respect to VEBA I, and have, therefore, addressed VEBA II only in this section.

Even if the VEBA II Trust assets are subject to I.C. 5-13-9-2, which we do not believe is the case, the losses arising from such investments would not be the personal obligation of the responsible official or employee. The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds. I.C. 20-26-4-1(d). A treasurer is not personally liable for an act or omission occurring in connection with the performance of duties set forth in I.C. 20-26-4-1, *unless* the act or omission constitutes gross negligence or an intentional disregard of the treasurer's duties. I.C. 20-26-4-1(f). A state agency or other agency may review or regulate the exercise of powers by a school corporation only to the extent prescribed by statute. I.C. 20-26-3-6.

A treasurer of a school corporation is required to give a bond for the faithful performance of the treasurer's duties written by an insurance company licensed to do business in Indiana, in an amount determined by the school board. I.C. 20-26-4-5. All official bonds are payable to the State of Indiana, for the faithful discharge of all duties required of such officer by any law, then or subsequently in force, for the use of any person injured by a breach of the conditions thereof. I.C. 5-4-1-10.

In this case, where the School officials acted with Board authorization, with significant collective bargaining on the funding structure, as well as with significant public discussion of the structure, and in reliance on the expertise of numerous advisors, there is absolutely no evidence that any School official failed to act in the faithful discharge of his or her duties, much less with gross negligence or intentional disregard. Rather, the officials acted in utmost good faith throughout this process, with no thought and no possibility of any personal gain or advantage. There was no personal benefit of any nature derived from any actions, nor were there any actions taken in any way to conceal or avoid anyone's knowledge of the actions taken with regard to the funding structures. In addition, the market value of the funds, as well as interest and dividends received, have now recovered most of the market value losses, and are expected to recover all the losses. The funding strategies presented in VEBA II are by no means novel, but rather have been

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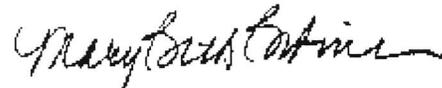
adopted in various forms by school corporations over the last decade, and most recently to implement solutions to unfunded post employment liabilities under SB 199 and HB 1120. The SBOA did not question the funding during its prior audit of the School, at which time the VEBA's had already been adopted.

We truly believe that charging the bonds would be very inconsistent with the cooperation and the mutual efforts demonstrated by both the School and the SBOA throughout this difficult and complex process. We believe that in light of the facts in this case, the strong arguments that have been advanced that the investments were not in contravention of Indiana law, the cooperative efforts of the School and the SBOA to resolve what are undoubtedly very complex questions, and the good faith efforts that the School has made and continues to make to respond to the SBOA's concerns, charging the bond would be an undeserved punitive step.

We realize that this letter contains a significant amount of information. We have appreciated the opportunities to discuss these items with you, Kerry and Stan, and look forward to a satisfactory resolution of these very complex issues.

Very truly yours,

ICE MILLER LLP



Mary Beth Braitman



Tara Schulstad Sciscoe

cc: Mr. Kerry Fleming  
Mr. Stan Mettler  
Mr. Kevin Caress  
Mr. Steve Sonntag  
Ms. Karen Canary  
Ms. Jane Herndon

Attachments:

Appendix A: Description of June 30, 2001 Obligations  
Exhibit A: Claim Voucher for VEBA II  
Exhibit B: Amendment to VEBA I  
Exhibit C: Financial Statements for VEBA II

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<sup>1</sup> "Eligible employees" included teachers and administrators who retire having attained at least 49 years of age with 20 years of experience, the most recent 15 years with the School, who are at least 50 years of age on January 1 of the first year of retirement, and who make timely application for retirement.

<sup>2</sup> Effective September 1, 2001, the Clark-Pleasant Community School Corporation Board of Trustees ("Board") adopted a defined contribution plan under Code Section 401(a) called the Clark-Pleasant Community School Corporation 401(a) Supplemental Retirement Plan ("401(a) Plan"). The 401(a) Plan provided for the deposit of each eligible employee's buy-out amount into an individual account on behalf of the employee over a period of not more than ten years. The 401(a) Plan document also contained the Trust, and the Trustees of the Plan are the Superintendent, Treasurer and the Vice President of the Clark Pleasant Community Education Association. As contributions become due under the 401(a) Plan, the SB 199 bond proceeds are paid to the 401(a) Plan.

<sup>3</sup> Eligible employees under VEBA I include (1) teachers covered by the Master Contract between the School and the Clark-Pleasant Education Association who (i) were hired on or before January 1, 2004; and (ii) were still employed as of April 30, 2005, and (2) administrators employed by the School at any time on or after November 16, 2004. (VEBA I, Art. IV; Master Contract, Art. XII, § 4).

<sup>4</sup> America's VEBA Solution is the third party administrator for VEBA I. Fiserv was the original Trustee under a Trust Agreement dated January 20, 2006, and Schwab Trust Company is the current Trustee under a Trust Agreement dated July 13, 2008. The Windsor Group was approved by the Board as the investment manager for the VEBA I, and the School adopted an Investment Policy Statement for VEBA I effective January 1, 2006. The Windsor Group agreed to accept fiduciary responsibility in providing its investment advice services to VEBA I.

Although the School has the right to terminate VEBA I at any time, no part of the Trust corpus or income may revert to the School or be used for any purpose other than the exclusive benefit of participants and others entitled to benefits under the VEBA I as required by Code Section 501(c)(9). (Plan, Art. XI, 11.1) The Trust Agreement with Schwab provides that the Trust may be terminated by the School and that Trust assets may be distributed as provided under the Plan document, but that no part of the Trust Fund can be used for or diverted to purposes other than providing benefits to participating employees and their beneficiaries until all Plan liabilities have been satisfied. (Trust Agreement, Art. 7.1).

<sup>5</sup> The Trust for the Employee Benefit Plan VEBA was established by entering into a Trust Agreement with National Advisors Trust Company, which serves as a directed Trustee of the VEBA assets. The Trust Agreement provides:

This Trust has been established for the exclusive benefit of Participants and their dependents. Under no circumstances shall any funds contributed to or held by the Trustee at any time revert to or be used by or enjoyed by the Employer.

(Trust Agreement, Section 3.3). The Trust Agreement further provides that:

The Trustee shall discharge its duties under this Agreement solely in the interest of the Participants and dependents and for the exclusive purpose of providing benefits to such Participants and dependents and defraying the reasonable expenses of administering the Employee Benefit Plan, with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of a like character and with like aims, all in accordance with the provisions of this Agreement insofar as they are consistent with the provisions of the applicable state and federal law.

(Trust Agreement, Section 8.1). The Trust Agreement provides that the School has exclusive responsibility for management and investment of the Trust Fund, but may appoint an Investment Manager to direct the investment of the assets of the Trust. (Trust Agreement, Article IV). The Trust Agreement further provides that upon termination of all programs under the Employee Benefit Plan, the Trust fund will be applied to all remaining liabilities under the

Mr. Charles W. Nemeth  
August 7, 2009  
Page 18

Employee Benefit Plan, then to purchase medical, dental, disability, death or severance benefits for participants, as permitted under Code Section 501(c)(9). (Trust Agreement, Section 11.3).

**APPENDIX A**

**CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION**

**DESCRIPTION OF JUNE 30, 2001 OBLIGATIONS**

<b>Benefit</b>	<b>Group Covered by Benefit</b>	<b>Settlement (Changes) to Benefit</b>	<b>Source(s) of Payment of Settlement</b>
<p><b><u>Teacher and Administrators Severance Benefit</u></b> –</p> <p>One-half per diem base pay <u>times</u> accumulated leave days,</p> <p><b><u>PLUS</u></b></p> <p>\$150 <u>times</u> years at Clark-Pleasant Community School Corporation.</p> <p><i>Note:</i> The original severance benefit was limited to 40% of the teacher's base contract salary the year of retirement. In the buy-out, the severance benefit was limited to 40% of the teacher's 1999/2000 base contract salary.</p>	<p>Teachers and administrators hired before April 1, 2001 who meet requirements.</p> <p>For teachers and administrators hired on or after April 1, 2001, the Severance Benefit (leave and the years of service payout) was eliminated.</p>	<p>For active teachers and administrators in Group I as of September 1, 2001, the Severance Benefit (leave and years of service payout) was restructured to buy-out these benefits by an amortized payment to the 401(a) Plan. The amortization period ran until the teacher or administrator attained Rule of 85, but no longer than 10 years.</p> <p>Group II teachers and administrators receive a matching contribution (limited to 3%). Teachers employed on and after August 1, 1998, were eligible for matching contributions only. Teachers who were employed prior to August 1, 1993, could elect to waive this benefit and receive matching contributions only (Group II above).</p>	<p>The 2002 bond proceeds of \$2,455,000 were and are being used to fund the Severance benefit (leave and years of service payout) to the 401(a) Plan (from Fund 0620).</p>

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Benefit	Group Covered by Benefit	Settlement (Changes) to Benefit	Source(s) of Payment of Settlement
		<p><i>Note:</i> The original settlement also called for post-retirement 125 plan contributions. There was no prefunding available for this benefit, and the 125 plan concept was subsequently changed. See discussion below.</p> <p>Group I included teachers and administrators who did not elect to receive matching contributions prior to April 1, 2001, and (i) who completed at least 15 years of service with Clark-Pleasant Community School Corporation on December 31, 2000, or (ii) who attained age 45 on December 31, 2000 and will have 15 years of service with Clark-Pleasant Community School Corporation August 31, 2011.</p> <p>Group II included teachers and administrators who had elected matching contributions prior to April 1, 2001.</p>	
<p><b><u>All Other Employees (not teachers or administrators) Severance Benefit -</u></b> One-half per diem base pay</p>	<p>Employees who have at least 15 years of continuous service with Clark-Pleasant Community School Corporation, are at least 55 years of age at retirement,</p>		<p>No buy-out.</p>

Benefit	Group Covered by Benefit	Settlement (Changes) to Benefit	Source(s) of Payment of Settlement
<p><u>times</u> accumulated leave days, up to \$12,000,</p> <p><b><u>PLUS</u></b></p> <p>\$85 <u>times</u> years at Clark-Pleasant Community School Corporation.</p>	<p>and give timely notice.</p>		
<p><b><u>Teachers and Administrators Retirement Incentive Benefit –</u></b></p> <p>Payment of the lesser of: (i) 25% of last annual base pay, or (ii) \$13,986 increased by 20% for years after 1997-1998. Payments were made from retirement until earlier of seven years or full Social Security entitlement.</p>	<p>Teachers and administrators with 20 years of service (most recent 15 with Clark-Pleasant Community School Corporation) who were at least age 49, and 50 on January 1 of first retirement year.</p>	<p>For active teachers and administrators in Group I as of September 1, 2001, this benefit was settled by an amortization contribution to the 401(a) Plan equal to the value of \$13,986 paid from the assumed retirement date (58 or age at settlement) and full Social Security attainment (but not to exceed seven years).</p> <p>Same amortization period as above.</p>	<p>This benefit is funded by contributions to the 401(a) Plan from the 2002 bond proceeds (in Fund 0620).</p>

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Benefit	Group Covered by Benefit	Settlement (Changes) to Benefit	Source(s) of Payment of Settlement
<b><u>125 Plan Contributions for Teachers and Administrators -</u></b>	Teachers and administrators hired before April 1, 2001 who meet requirements.	<i>Note:</i> The Retirement Incentive Pay and the Severance Pay Benefit (leave and years of service payout) value were offset by the value of a \$5,000 per year post-retirement payment for up to seven years (or age 65 if earlier) to a 125 plan account. This part of the buy-out became effective September 1, 2001 when the Retirement Incentive Pay and Severance Benefits were restructured.	<i>Note:</i> The post-retirement 125 plan was restructured in 2004. Teachers hired on or after January 1, 2004 were no longer entitled to the benefit.  The new benefit was a single deposit to a VEBA account at the time of retirement. The amount was \$32,086. The payment was made from the pooled account in VEBA I to an individual retiree account in VEBA I created at the time of retirement.  Administrators employed on and after November 16, 2004 were also entitled to the restructured benefit.
<b><u>Teachers' Matching Contributions -</u></b>  Matched teachers' contributions up to 3%.	Teachers employed on and after August 1, 1998 and Group II teachers.		Contributions to 401(a) plan for teachers.  No buyout.
<b><u>All Other Employees' (except teachers and administrators) Matching Contributions -</u></b>  Matched employees'			Contributions to 403(b) plan for classified employees.  No buy-out.

Benefit	Group Covered by Benefit	Settlement (Changes) to Benefit	Source(s) of Payment of Settlement
contributions up to 4%.			
<p><b><u>Teachers' Post-Retirement Health Insurance</u></b> –</p> <p>Was available to all retired teachers who were enrolled at retirement. Clark-Pleasant Community School Corporation paid annual premium cost of single coverage until full Social Security entitlement.</p>		<p>Eligible group of teachers was narrowed to teachers who:</p> <p>(i) are age 50 by January 1 of first year of retirement;</p> <p>(ii) have 20 years of service with last 15 at Clark-Pleasant Community School Corporation, and;</p> <p>(iii) give timely notice of retirement.</p>	<p>Funded through VEBA II since 2007 restructuring.</p>
<p><b><u>Administrators' Post-Retirement Health Insurance</u></b> –</p> <p>Was available to all retired administrators who were enrolled at retirement. Clark-Pleasant Community School Corporation paid annual premium cost of single coverage until full Social Security entitlement.</p>		<p>Eligible group of administrators was narrowed to administrators who:</p> <p><u>25 Yrs Experience:</u> 10 years preceding retirement as an administrator in Clark-Pleasant Community School Corporation</p> <p><u>26 Yrs Experience:</u> 9 years preceding retirement as an administrator in Clark-Pleasant Community School Corporation</p> <p><u>27 Yrs Experience:</u> 8 years preceding retirement as an administrator in Clark-Pleasant Community School Corporation</p> <p><u>28 Yrs Experience:</u> 7 years preceding</p>	<p>Funded through VEBA II since 2007 restructuring.</p>

<b>Benefit</b>	<b>Group Covered by Benefit</b>	<b>Settlement (Changes) to Benefit</b>	<b>Source(s) of Payment of Settlement</b>
		<p>retirement as an administrator in Clark-Pleasant Community School Corporation</p> <p><u>29 Yrs Experience:</u> 6 years preceding retirement as an administrator in Clark-Pleasant Community School Corporation</p> <p><u>30 Yrs Experience:</u> 5 years preceding retirement as an administrator in Clark-Pleasant Community School Corporation</p>	
<p><b><u>Other Employees (except teachers and administrators) – Post Health Retirement Insurance –</u></b></p> <p>Post retirement health insurance was available to other employee groups who retired on and after age 50 with 15 years of service.</p> <p>Clark-Pleasant Community School Corporation was obligated to pay a percentage of the single premium as set by Board from year to year.</p>		<p>Employees must have 15 years of continuous service with Clark-Pleasant Community School Corporation, be at least 55 years of age at retirement, and give timely notice.</p>	<p>Funded through VEBA II since 2007 restructuring.</p>
<p><b><u>Group Life Benefit for All Employee Groups –</u></b></p> <p>Clark-Pleasant Community</p>		<p>Any employee who satisfies applicable retirement criteria receives life insurance until full Social Security entitlement:</p>	<p>Funded through VEBA II since 2007 restructuring.</p>

Benefit	Group Covered by Benefit	Settlement (Changes) to Benefit	Source(s) of Payment of Settlement
<p>School Corporation was to continue group life as long as employee was receiving the Retirement Incentive Benefit.</p>		<p>(i) teachers must be 49 with 20 years of service (most recent 15 with Clark-Pleasant Community School Corporation), 50 as of January 1 of year of retirement, and make timely application to the Board;</p> <p>(ii) administrators must satisfy criteria for retiree health;</p> <p>(iii) all other employees must have 15 years of continuous service with Clark-Pleasant Community School Corporation, be at least 55 years of age at retirement, and give timely notice.</p>	

Exhibit A

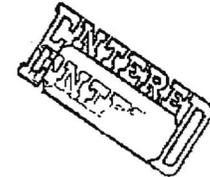
*Bank*

Prescribed by State Board of Accounts

School Form No. 523 (Rev. 1995)

**ACCOUNTS PAYABLE VOUCHER**

\_\_\_\_\_ SCHOOL CORPORATION • \_\_\_\_\_, INDIANA  
 An invoice or bill to be properly itemized must show: kind of service, where performed, dates service rendered, by whom, rates per day, number of hours, rate per hour, number of units, price per unit, etc.



Payee <u>NATIONAL ADVISOR TRUST</u>	Purchase Order No. _____ Terms _____ Date Due _____
----------------------------------------	-----------------------------------------------------------

Invoice Date	Invoice Number	Description	Amount
		<b>TRUST TRANSFER</b>	
		<b>VEBA</b> (or note attached invoice(s) or bill(s))	
<i>Retrospective to 6/26/07</i>		Payment to Clark Pleasant Community School Corp. VEBA Employee Benefit Plan Trust to provide funds to pay health and dental claims under I.C. 20-26-5-4 (15)(C)	\$2,000,000
		1100-60300-920-4145	
		Total	

I hereby certify that the attached invoice(s), or bill(s), is (are) true and correct and that the materials or services itemized thereon for which charge is made were ordered and received except

7-15-09

*[Signature]*

DIR-BUS



I HEREBY CERTIFY THAT EACH OF THE ABOVE LISTED VOUCHERS AND THE INVOICES, OR BILLS ATTACHED THERETO,  
ARE TRUE AND CORRECT AND I HAVE AUDITED SAME IN ACCORDANCE WITH IC 5-11-10-1.6.

7-21, 2009

Karen S. Canary  
KAREN S. CANARY  
FISCAL OFFICER

WE HAVE EXAMINED THE VOUCHERS LISTED ON THE FOREGOING ACCOUNTS PAYABLE VOUCHER REGISTER, CONSISTING OF  
PAGES, AND EXCEPT FOR VOUCHERS NOT ALLOWED AS SHOWN ON THE REGISTER SUCH VOUCHERS ARE HEREBY ALLOWED

IN THE TOTAL AMOUNT OF \$ . DATED THIS DAY OF 2009.

Howard L. Young  
HOWARD L. YOUNG  
PRESIDENT

7-21-09

David Stephenson  
DAVID STEPHENSON  
VICE PRESIDENT

7-21-09

Bryan Drake  
BRYAN DRAKE  
SECRETARY

7-21-09

Brian Stubbs  
BRIAN STUBBS  
BOARD MEMBER

7-21-09

Dena Barger  
DENA BARGER  
BOARD MEMBER

7/21/09

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION

FOR THE PERIOD OF 7/01/09 - 7/22/09

DATE FILED	VOUCH NO.	FUND	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO.	MEMORANDUM
7/21/09	1898	0100 GENERAL	PATTY GENTRY	42.35	42.35	66059	MILEAGE REIMB.
7/21/09	1899	0100 GENERAL	PATTI KEATON	103.13	103.13	66060	MILEAGE/EXPENSE REIMB.
7/21/09	1900	0100 GENERAL	TRACTOR SUPPLY COMPANY	27.57	27.57	66061	GROUPS/MAINT. SUPPLIES
7/21/09	1900	0350 CAPITAL PROJECTS	TRACTOR SUPPLY COMPANY	876.96	876.96	66061	GROUPS/MAINT. SUPPLIES
	1900		VOUCHER TOTAL	904.53	904.53		
7/21/09	1901	0100 GENERAL	WAL-MART COMMUNITY	232.16	232.16	66062	SUPPLIES
7/21/09	1901	1900 ALTERNATIVE EDUCATION	WAL-MART COMMUNITY	25.50	25.50	66062	SUPPLIES
	1901		VOUCHER TOTAL	257.66	257.66		
7/21/09	1902	0100 GENERAL	AASA	403.00	403.00	66063	MEMBERSHIP DUES
7/21/09	1903	0100 GENERAL	AT&T	535.68	535.68	66064	TELEPHONE
7/21/09	1904	0100 GENERAL	BARGERSVILLE UTILITIES	57,877.76	57,877.76	66065	UTILITIES
7/21/09	1905	0100 GENERAL	DUKE ENERGY	13,598.80	13,598.80	66066	UTILITIES
7/21/09	1906	0100 GENERAL	EMBARQ COMMUNICATIONS	66.97	66.97	66067	TELEPHONE
7/21/09	1907	0100 GENERAL	EMBARQ COMMUNICATIONS, INC.	1,907.49	1,907.49	66068	TELEPHONE
7/21/09	1908	0100 GENERAL	GREENWOOD SANITATION DEPT.	502.58	502.58	66069	UTILITIES
7/21/09	1909	0100 GENERAL	INDIANA AMERICAN WATER	1,534.05	1,534.05	66070	UTILITIES
7/21/09	1910	0100 GENERAL	CENTRAL CUSTOMER CHARGES	61.15	61.15	66071	SUPPLIES
7/21/09	1911	0100 GENERAL	NEW WHITELAND UTILITIES	438.21	438.21	66072	UTILITIES
7/21/09	1912	0350 CAPITAL PROJECTS	USA MOBILITY WIRELESS, INC.	78.72	78.72	66073	PAGERS
7/21/09	1913	0100 GENERAL	VECTREN ENERGY DELIVERY OF IND	178.95	178.95	66074	UTILITIES
7/21/09	1914	0350 CAPITAL PROJECTS	VERIZON WIRELESS	4,049.49	4,049.49	66075	CELL PHONES
7/21/09	1915	0100 GENERAL	WHITELAND UTILITIES	6,449.37	6,449.37	66076	UTILITIES
7/21/09	1915	0410 TRANSPORTATION OPERATI	WHITELAND UTILITIES	324.65	324.65	66076	UTILITIES
	1915		VOUCHER TOTAL	6,774.02	6,774.02		
7/21/09	1916	0100 GENERAL	LOWE'S CREDIT SERVICES	822.43	822.43	66079	MAINT./TECH. SUPPLIES
7/21/09	1916	0350 CAPITAL PROJECTS	LOWE'S CREDIT SERVICES	396.64	396.64	66079	MAINT./TECH. SUPPLIES
	1916		VOUCHER TOTAL	1,219.07	1,219.07		
7/21/09	1917	0100 GENERAL	JOHN T. COOPMAN	748.60	748.60	66080	EXPENSE REIMB.
7/21/09	1918	0100 GENERAL	AT&T	89.48	89.48	66088	TELEPHONE
7/21/09	1919	0100 GENERAL	EMBARQ	1,166.65	1,166.65	66089	TELEPHONE
7/21/09	1920	0100 GENERAL	EMBARQ COMMUNICATIONS	92.94	92.94	66090	TELEPHONE
7/21/09	1921	0100 GENERAL	EMBARQ COMMUNICATIONS, INC.	113.80	113.80	66091	TELEPHONE
7/21/09	1922	0100 GENERAL	FARIS MAILING SERVICE, INC.	750.00	750.00	66092	FOCUS NEWSLETTER MAILING
7/21/09	1923	0100 GENERAL	JOHNSON COUNTY REMC	11,087.59	11,087.59	66093	UTILITIES
7/21/09	1924	0100 GENERAL	PROLIANCE ENERGY LLC	2,066.02	2,066.02	66094	UTILITIES
7/21/09	1925	0350 CAPITAL PROJECTS	SAM'S CLUB	105.84	105.84	66095	TECH. SUPPLIES
7/21/09	1926	0100 GENERAL	VECTREN ENERGY DELIVERY OF IND	1,447.22	1,447.22	66096	UTILITIES
7/21/09	1927	0100 GENERAL	WHITELAND POSTMASTER	249.55	249.55	66097	POSTAGE
7/21/09	1928	0410 TRANSPORTATION OPERATI	DUKE ENERGY	2,845.99	2,845.99	66098	UTILITIES
7/21/09	9124	0100 GENERAL	NATIONWIDE	4,769.47	4,769.47	9124	NTNWE CLS MATCH 06/26/09
7/21/09	9124	0350 CAPITAL PROJECTS	NATIONWIDE	646.04	646.04	9124	NTNWE CLS MATCH 06/26/09
7/21/09	9124	0410 TRANSPORTATION OPERATI	NATIONWIDE	1,822.93	1,822.93	9124	NTNWE CLS MATCH 06/26/09
7/21/09	9124	0700 CONSTRUCTION FUND	NATIONWIDE	249.19	249.19	9124	NTNWE CLS MATCH 06/26/09
7/21/09	9124	0800 SCHOOL LUNCH	NATIONWIDE	739.03	739.03	9124	NTNWE CLS MATCH 06/26/09
7/21/09	9124	4100 TITLE I	NATIONWIDE	30.77	30.77	9124	NTNWE CLS MATCH 06/26/09
	9124		VOUCHER TOTAL	8,257.43	8,257.43		
7/21/09	9125	0100 GENERAL	NATIONWIDE	1,096.54	1,096.54	9125	NTNWE CLS P/R 06/26/09

7/17/09  
7:49:48

ACCOUNTS PAYABLE VOUCHER REGISTER

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BDA25/JKING

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION

FOR THE PERIOD OF 7/01/09 - 7/22/09

DATE FILED	VOUCH NO.	FUND	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO.	MEMORANDUM
7/21/09	9125	0700	CONSTRUCTION FUND	NATIONWIDE	368.49	368.49	9125 NTNWIDE CLS P/R 06/26/09
7/21/09	9125	0800	SCHOOL LUNCH	NATIONWIDE	255.80	255.80	9125 NTNWIDE CLS P/R 06/26/09
7/21/09	9125	9510	NATIONWIDE CLASSIFIED	NATIONWIDE	12,885.84	12,885.84	9125 NTNWIDE CLS P/R 06/26/09
7/21/09	9125	9610	ANNUITY LOAN	NATIONWIDE	73.79	73.79	9125 NTNWIDE CLS P/R 06/26/09
	9125		VOUCHER TOTAL	14,680.46	14,680.46		
7/21/09	9126	0100	GENERAL	NATIONWIDE	12,308.34	12,308.34	9126 NTNWIDE CERT PR 06/26/09
7/21/09	9126	0350	CAPITAL PROJECTS	NATIONWIDE	498.70	498.70	9126 NTNWIDE CERT PR 06/26/09
7/21/09	9126	0410	TRANSPORTATION OPERATI	NATIONWIDE	376.94	376.94	9126 NTNWIDE CERT PR 06/26/09
7/21/09	9126	4100	TITLE I	NATIONWIDE	39.60	39.60	9126 NTNWIDE CERT PR 06/26/09
7/21/09	9126	9460	NATIONWIDE	NATIONWIDE	26,830.17	26,830.17	9126 NTNWIDE CERT PR 06/26/09
7/21/09	9126	9610	ANNUITY LOAN	NATIONWIDE	218.16	218.16	9126 NTNWIDE CERT PR 06/26/09
	9126		VOUCHER TOTAL	40,271.91	40,271.91		
7/21/09	9127	9590	CHILD SUPPORT	INDIANA STATE CENTRAL	530.00	530.00	9127 CHILD SUPPORT PR 07/10/09
7/21/09	9128	9230	STATE TAX	INDIANA DEPT. OF REVENUE	58,199.57	58,199.57	9128 STATE & CO. W/H JUNE 2009
7/21/09	9128	9240	CAGIT	INDIANA DEPT. OF REVENUE	19,109.67	19,109.67	9128 STATE & CO. W/H JUNE 2009
	9128		VOUCHER TOTAL	77,309.24	77,309.24		
7/21/09	9129	0100	GENERAL	FIRST MERCHANTS BANK OF	56,939.58	56,939.58	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	0350	CAPITAL PROJECTS	FIRST MERCHANTS BANK OF	1,762.15	1,762.15	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	0410	TRANSPORTATION OPERATI	FIRST MERCHANTS BANK OF	4,026.57	4,026.57	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	0700	CONSTRUCTION FUND	FIRST MERCHANTS BANK OF	424.96	424.96	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	0800	SCHOOL LUNCH	FIRST MERCHANTS BANK OF	1,282.59	1,282.59	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	1100	CLARK-PLEAS EMP BENEFI	FIRST MERCHANTS BANK OF	382.50	382.50	9129 FICA MATCH P/R 07/10/09
7/21/09	9129	2904	C.A.P.E. GRANT-KNDGRTRN	FIRST MERCHANTS BANK OF	935.43	935.43	9129 FICA MATCH P/R 07/10/09
	9129		VOUCHER TOTAL	65,753.78	65,753.78		
7/21/09	9130	9210	FEDERAL TAX	FIRST MERCHANTS BANK OF	74,824.39	74,824.39	9130 FICA/FED TAXES PR 7/10/09
7/21/09	9130	9220	SOCIAL SECURITY	FIRST MERCHANTS BANK OF	65,753.78	65,753.78	9130 FICA/FED TAXES PR 7/10/09
	9130		VOUCHER TOTAL	140,578.17	140,578.17		
7/21/09	9131	0100	GENERAL	INDIANA STATE TEACHERS	356,227.38	356,227.38	9131 TRF QTR ENDING 06/30/09
7/21/09	9131	0350	CAPITAL PROJECTS	INDIANA STATE TEACHERS	3,468.49	3,468.49	9131 TRF QTR ENDING 06/30/09
7/21/09	9131	0410	TRANSPORTATION OPERATI	INDIANA STATE TEACHERS	2,497.42	2,497.42	9131 TRF QTR ENDING 06/30/09
7/21/09	9131	4100	TITLE I	INDIANA STATE TEACHERS	3,922.76	3,922.76	9131 TRF QTR ENDING 06/30/09
7/21/09	9131	9250	TEACHER RETIREMENT	INDIANA STATE TEACHERS	242.39	242.39	9131 TRF QTR ENDING 06/30/09
	9131		VOUCHER TOTAL	366,358.44	366,358.44		
7/21/09	9132	0100	GENERAL	NATIONWIDE	5,693.01	5,693.01	9132 NTNWIDE CLS MATCH 07/10/09
7/21/09	9132	0350	CAPITAL PROJECTS	NATIONWIDE	646.03	646.03	9132 NTNWIDE CLS MATCH 07/10/09
7/21/09	9132	0410	TRANSPORTATION OPERATI	NATIONWIDE	1,770.61	1,770.61	9132 NTNWIDE CLS MATCH 07/10/09
7/21/09	9132	0700	CONSTRUCTION FUND	NATIONWIDE	249.19	249.19	9132 NTNWIDE CLS MATCH 07/10/09
7/21/09	9132	0800	SCHOOL LUNCH	NATIONWIDE	682.58	682.58	9132 NTNWIDE CLS MATCH 07/10/09
7/21/09	9132	2904	C.A.P.E. GRANT-KNDGRTRN	NATIONWIDE	16.70	16.70	9132 NTNWIDE CLS MATCH 07/10/09
	9132		VOUCHER TOTAL	9,058.12	9,058.12		
7/21/09	9133	0100	GENERAL	NATIONWIDE	12,826.34	12,826.34	9133 NTNWIDE CERT PR 07/10/09
7/21/09	9133	0350	CAPITAL PROJECTS	NATIONWIDE	498.70	498.70	9133 NTNWIDE CERT PR 07/10/09
7/21/09	9133	0410	TRANSPORTATION OPERATI	NATIONWIDE	376.94	376.94	9133 NTNWIDE CERT PR 07/10/09
7/21/09	9133	4100	TITLE I	NATIONWIDE	39.60	39.60	9133 NTNWIDE CERT PR 07/10/09
7/21/09	9133	9460	NATIONWIDE	NATIONWIDE	26,940.17	26,940.17	9133 NTNWIDE CERT PR 07/10/09
7/21/09	9133	9610	ANNUITY LOAN	NATIONWIDE	218.16	218.16	9133 NTNWIDE CERT PR 07/10/09
	9133		VOUCHER TOTAL	40,899.91	40,899.91		

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DATE FILED	VOUCH NO. FUND	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO. MEMORANDUM
7/21/09	9134 0100 GENERAL	NATIONWIDE	1,096.65	1,096.65	9134 NTNWIDE CLS P/R 07/10/09
7/21/09	9134 0700 CONSTRUCTION FUND	NATIONWIDE	368.49	368.49	9134 NTNWIDE CLS P/R 07/10/09
7/21/09	9134 0800 SCHOOL LUNCH	NATIONWIDE	255.80	255.80	9134 NTNWIDE CLS P/R 07/10/09
7/21/09	9134 9510 NATIONWIDE CLASSIFIED	NATIONWIDE	12,477.59	12,477.59	9134 NTNWIDE CLS P/R 07/10/09
7/21/09	9134 9610 ANNUITY LOAN	NATIONWIDE	87.43	87.43	9134 NTNWIDE CLS P/R 07/10/09
	9134	VOUCHER TOTAL	14,285.96	14,285.96	
7/21/09	9135 0100 GENERAL	INDIANA STATE TEACHERS	188.67	188.67	9135 TRF ADJ 06/30/09
		PRE-WRITTEN TOTAL	889,469.38		
7/21/09	1929 0350 CAPITAL PROJECTS	A-1 SEPTIC SERVICE &	415.00	415.00	MAINT. OF EQUIPMENT
7/21/09	1930 0350 CAPITAL PROJECTS	ABC ELEVATOR. INC.	437.50	437.50	ELEVATOR MAINT.
7/21/09	1931 0350 CAPITAL PROJECTS	ACCESS GARAGE DOORS	130.00	130.00	DOOR MAINT. - OPER. CTR.
7/21/09	1932 0900 TEXTBOOK RENTAL	TERESA ACTON	13.50	13.50	BOOK RENTAL REFUND
7/21/09	1933 0100 GENERAL	ALL-PHASE ELECTRIC SUPPLY, CO.	723.60	723.60	MAINT. SUPPLIES
7/21/09	1934 0410 TRANSPORTATION OPERATI	ALLIED PETROLEUM EQUIP. CORP.	257.83	257.83	TRANS. SUPPLIES
7/21/09	1935 0100 GENERAL	AMAZON.COM	1,387.84	1,387.84	LIBRARY BOOKS
7/21/09	1936 0100 GENERAL	AMERICAN 3B SCIENTIFIC	396.95	396.95	TEACHING SUPPLIES
7/21/09	1937 0100 GENERAL	ARTESIAN WATER LABORATORY	576.00	576.00	POOL TESTING KITS
7/21/09	1938 0350 CAPITAL PROJECTS	B & H PHOTO-VIDEO, INC.	6,610.50	6,610.50	VIDEO EQUIPMENT
7/21/09	1939 0100 GENERAL	BAKER & TAYLOR	398.94	398.94	LIBRARY BOOKS
7/21/09	1940 0900 TEXTBOOK RENTAL	MICHELLE BAKER	44.70	44.70	BOOK RENTAL REFUND
7/21/09	1941 0100 GENERAL	BARDACH AWARDS	148.00	148.00	PLAQUES
7/21/09	1942 0350 CAPITAL PROJECTS	BEST WAY OF INDIANA. INC.	5,654.50	5,654.50	WASTE REMOVAL
7/21/09	1943 0800 SCHOOL LUNCH	BILL LAWRENCE CO.	3,590.00	3,590.00	PAINTING - SWE KITCHEN
7/21/09	1944 0900 TEXTBOOK RENTAL	ARTHUR BITTS	24.00	24.00	BOOK RENTAL REFUND
7/21/09	1945 0100 GENERAL	BOSE MCKINNEY & EVANS	9,937.77	9,937.77	LEGAL SERVICES
7/21/09	1945 0350 CAPITAL PROJECTS	BOSE MCKINNEY & EVANS	105.00	105.00	LEGAL SERVICES
7/21/09	1945 0700 CONSTRUCTION FUND	BOSE MCKINNEY & EVANS	1,080.53	1,080.53	LEGAL SERVICES
	1945	VOUCHER TOTAL	11,123.30	11,123.30	
7/21/09	1946 0100 GENERAL	BRENNTAG MID-SOUTH, INC.	1,475.16	1,475.16	POOL CHEMICALS
7/21/09	1947 0410 TRANSPORTATION OPERATI	BRICKYARD INTERNATIONAL	241.47	241.47	TRANS. SUPPLIES
7/21/09	1948 0900 TEXTBOOK RENTAL	RHONDA BRITT	11.80	11.80	BOOK RENTAL REFUND
7/21/09	1949 0100 GENERAL	PAT BROWN	27.44	27.44	EXPENSE REIMB.
7/21/09	1950 0100 GENERAL	BUTLER UNIVERSITY	600.00	600.00	WORKSHOP
7/21/09	1951 0900 TEXTBOOK RENTAL	SHANNA CARNES	80.80	80.80	BOOK RENTAL REFUND
7/21/09	1952 0350 CAPITAL PROJECTS	CASE CONSTRUCTION, INC.	5,382.00	5,382.00	PARKING LOT REPAIR
7/21/09	1953 0350 CAPITAL PROJECTS	CDI COMPUTER DEALERS, INC.	5,681.26	5,681.26	REFURBISHED PC'S
7/21/09	1954 0350 CAPITAL PROJECTS	CDW GOVERNMENT, INC.	3,060.77	3,060.77	TECH. SUPPLIES
7/21/09	1955 0900 TEXTBOOK RENTAL	ERIC CHAMBERLAIN	14.80	14.80	BOOK RENTAL REFUND
7/21/09	1956 0900 TEXTBOOK RENTAL	MARC CHANCE	28.50	28.50	BOOK RENTAL REFUND
7/21/09	1957 0100 GENERAL	CTM AUDIO VISUAL	8,150.00	8,150.00	TEACHING MATERIALS
7/21/09	1957 0350 CAPITAL PROJECTS	CTM AUDIO VISUAL	7,538.00	7,538.00	RF32 PAD SYSTEM
	1957	VOUCHER TOTAL	15,688.00	15,688.00	
7/21/09	1958 0100 GENERAL	CLARIAN HEALTH PARTNERS, INC.	285.00	285.00	PROFESSIONAL SERVICES
7/21/09	1959 0350 CAPITAL PROJECTS	CLAWSON COMMUNICATIONS, INC.	875.00	875.00	TECHNOLOGY EQUIP.
7/21/09	1960 0900 TEXTBOOK RENTAL	ROBIN CLOSE	24.45	24.45	BOOK RENTAL REFUND
7/21/09	1961 0350 CAPITAL PROJECTS	CMS	60.00	60.00	EQUIPMENT REPAIR

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DATE FILED	VOUCH NO.	FUND	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO.	MEMORANDUM
7/21/09	1962	0410	TRANSPORTATION OPERATI	COMMUNITY OCCUPATIONAL HEALTH	153.00	153.00	DOT PHYSICALS
7/21/09	1963	0900	TEXTBOOK RENTAL	MELODY CRAIG	17.95	17.95	BOOK RENTAL REFUND
7/21/09	1964	0100	GENERAL	CRESCENT ELECTRIC	1,046.14	1,046.14	MAINT. SUPPLIES
7/21/09	1965	0350	CAPITAL PROJECTS	CROSSPOINT COMMUNICATIONS	112.00	112.00	RADIOS/MAINT./SUPPLIES
7/21/09	1966	0100	GENERAL	CRYSTAL GRAPHICS	6.34	6.34	OFFICE SUPPLIES
7/21/09	1966	0350	CAPITAL PROJECTS	CRYSTAL GRAPHICS	35.36	35.36	OFFICE SUPPLIES
7/21/09	1966	0410	TRANSPORTATION OPERATI	CRYSTAL GRAPHICS	1,220.00	1,220.00	OFFICE SUPPLIES
				VOUCHER TOTAL	1,261.70	1,261.70	
7/21/09	1967	0100	GENERAL	CULLIGAN WATER CONDITION	1,011.15	1,011.15	SUPPLIES
7/21/09	1967	0800	SCHOOL LUNCH	CULLIGAN WATER CONDITION	62.47	62.47	SUPPLIES
				VOUCHER TOTAL	1,073.62	1,073.62	
7/21/09	1968	0900	TEXTBOOK RENTAL	KATHY CUSKADEN	33.05	33.05	BOOK RENTAL REFUND
7/21/09	1969	0350	CAPITAL PROJECTS	CXTEC	134.50	134.50	TECH. SUPPLIES
7/21/09	1970	0100	GENERAL	DAHAR SERVICES	475.80	475.80	AUTISM SUPPORT
7/21/09	1971	0100	GENERAL	DATA COMM	539.26	539.26	PRINTER SUPPLIES/MAINT.
7/21/09	1971	0350	CAPITAL PROJECTS	DATA COMM	94.00	94.00	PRINTER SUPPLIES/MAINT.
				VOUCHER TOTAL	633.26	633.26	
7/21/09	1972	0900	TEXTBOOK RENTAL	TRACY DECKER	12.00	12.00	BOOK RENTAL REFUND
7/21/09	1973	0350	CAPITAL PROJECTS	DELL MARKETING, L.P.	9,550.16	9,550.16	SERVERS/NOTEBOOK
7/21/09	1974	0350	CAPITAL PROJECTS	DEPT. OF HOMELAND SECURITY	200.00	200.00	BOILER INSPECTIONS
7/21/09	1975	0350	CAPITAL PROJECTS	DILK ROOFING, INC.	2,043.30	2,043.30	ROOF REPAIR-CES
7/21/09	1976	0100	GENERAL	DISCOUNT MAGAZINE SUBSCRIPTION	605.93	605.93	PERIODICALS
7/21/09	1977	0100	GENERAL	DOOR SERVICE SUPPLY, INC.	430.00	430.00	MAINT. SUPPLIES
7/21/09	1978	0900	TEXTBOOK RENTAL	TRENTON DOROTHY	8.20	8.20	BOOK RENTAL REFUND
7/21/09	1979	0100	GENERAL	DOUGHERTY FERTILIZER, INC.	3,183.40	3,183.40	FERTILIZER & LIME
7/21/09	1980	0900	TEXTBOOK RENTAL	GEORGE DOUGHERTY	13.65	13.65	BOOK RENTAL REFUND
7/21/09	1981	0800	SCHOOL LUNCH	KASSI DOYLE	59.50	59.50	STUDENT HELP
7/21/09	1982	0100	GENERAL	DUNCAN SUPPLY CO., INC.	657.32	657.32	MAINT. SUPPLIES
7/21/09	1983	0100	GENERAL	DUNHAM RUBBER & BELTING CORP.	144.74	144.74	MAINT. SUPPLIES
7/21/09	1984	0100	GENERAL	A. BEATRICE DUNN	134.58	134.58	MILEAGE REIMB.
7/21/09	1985	0800	SCHOOL LUNCH	JAMES DUNN	176.00	176.00	SECURITY
7/21/09	1986	0100	GENERAL	STEVE DYSON	611.60	611.60	MILEAGE REIMB.
7/21/09	1987	0900	TEXTBOOK RENTAL	ANTHONY EBAYER	5.15	5.15	BOOK RENTAL REFUND
7/21/09	1988	0900	TEXTBOOK RENTAL	DAVID EBAYER	13.65	13.65	BOOK RENTAL REFUND
7/21/09	1989	0350	CAPITAL PROJECTS	ENA SERVICES, LLC	5,620.00	5,620.00	EMAIL ARCHIVE SERVICES
7/21/09	1990	0900	TEXTBOOK RENTAL	CARLA ENGLER	22.75	22.75	BOOK RENTAL REFUND
7/21/09	1991	0100	GENERAL	ESSENTIAL ARCHITECTURAL	27.00	27.00	NAME INSERT FOR SIGN
7/21/09	1992	0900	TEXTBOOK RENTAL	FANBOY, INC.	1,536.90	1,536.90	TEXTBOOKS
7/21/09	1993	0100	GENERAL	FASTENAL COMPANY	55.25	55.25	MAINT. SUPPLIES
7/21/09	1993	0350	CAPITAL PROJECTS	FASTENAL COMPANY	1,337.54	1,337.54	MAINT. SUPPLIES
				VOUCHER TOTAL	1,392.79	1,392.79	
7/21/09	1994	0100	GENERAL	FEDEX	31.11	31.11	SHIPPING CHARGES
7/21/09	1995	0350	CAPITAL PROJECTS	FINK FORMS	550.00	550.00	OFFICE SUPPLIES/SOFTWARE
7/21/09	1996	0900	TEXTBOOK RENTAL	CHARLES FOLLOWELL	48.60	48.60	BOOK RENTAL REFUND
7/21/09	1997	0800	SCHOOL LUNCH	ETHAN FOLLOWELL	113.75	113.75	STUDENT HELP
7/21/09	1998	0100	GENERAL	FRANKLIN SKATE CLUB	2,526.00	2,526.00	SUMMER SCHOOL P.E.
7/21/09	1999	0800	SCHOOL LUNCH	FRY TECH	224.92	224.92	FOOD SUPPLIES

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7/21/09	2000	0900	TEXTBOOK RENTAL	MCGRAW-HILL COMPANIES	63,927.38	63,927.38	TEXTBOOKS
7/21/09	2001	0350	CAPITAL PROJECTS	GO SOLUTIONS GROUP, INC.	1,185.37	1,185.37	PROFESSIONAL SERVICES
7/21/09	2002	0350	CAPITAL PROJECTS	WILLIAM H. GRAGE	400.00	400.00	LAB SERVICES
7/21/09	2003	0100	GENERAL	GRAND RENTAL STATION	30.69	30.69	MAINT. SUPPLIES
7/21/09	2004	0100	GENERAL	GRAYBAR	173.00	173.00	MAINT. SUPPLIES
7/21/09	2005	0900	TEXTBOOK RENTAL	CHRIS GREEN	33.40	33.40	BOOK RENTAL REFUND
7/21/09	2006	0100	GENERAL	HAMMOND & STEPHENS	652.84	652.84	SUPPLIES
7/21/09	2007	0900	TEXTBOOK RENTAL	DIANNE HARRINGTON	37.55	37.55	BOOK RENTAL REFUND
7/21/09	2008	0100	GENERAL	HARRINGTON INDUSTRIAL PLASTICS	62.44	62.44	MAINT. SUPPLIES
7/21/09	2009	0350	CAPITAL PROJECTS	HERITAGE ENVIRONMENTAL SER.	30.00	30.00	WATER TESTING
7/21/09	2010	0100	GENERAL	HI-WAY LANES	2,529.00	2,529.00	SUMMER SCHOOL P.E.
7/21/09	2011	0100	GENERAL	HILLYARD/INDIANA	8,596.44	8,596.44	CUSTODIAL SUPPLIES
7/21/09	2011	0350	CAPITAL PROJECTS	HILLYARD/INDIANA	1,086.74	1,086.74	CUSTODIAL SUPPLIES
				VOUCHER TOTAL	9,683.18	9,683.18	
7/21/09	2012	0900	TEXTBOOK RENTAL	MATTHEW HORGAN	146.15	146.15	BOOK RENTAL REFUND
7/21/09	2013	0900	TEXTBOOK RENTAL	MICHAEL HOWELL	21.20	21.20	BOOK RENTAL REFUND
7/21/09	2014	0900	TEXTBOOK RENTAL	JACQUE HUNTER	9.50	9.50	BOOK RENTAL REFUND
7/21/09	2015	0100	GENERAL	IACAC	65.00	65.00	MEMBERSHIP FEES
7/21/09	2016	0350	CAPITAL PROJECTS	ICE MILLER	9,650.36	9,650.36	LEGAL SERVICES
7/21/09	2017	0410	TRANSPORTATION OPERATI	ICE MOUNTAIN	132.34	132.34	SUPPLIES
7/21/09	2018	0350	CAPITAL PROJECTS	IKON OFFICE SOLUTIONS	34,843.94	34,843.94	COPIERS/FAX MACHINE
7/21/09	2019	0100	GENERAL	IND.DEPT. OF WORKFORCE DEV.	5,189.83	5,189.83	BENEFIT CHARGES
7/21/09	2020	0100	GENERAL	INDIANA FILTER SUPPLY	320.36	320.36	MAINT. SUPPLIES
7/21/09	2021	0100	GENERAL	INDIANA OXYGEN CO.	309.30	309.30	MAINT. SUPPLIES
7/21/09	2021	0350	CAPITAL PROJECTS	INDIANA OXYGEN CO.	37.20	37.20	MAINT. SUPPLIES
				VOUCHER TOTAL	346.50	346.50	
7/21/09	2022	0410	TRANSPORTATION OPERATI	INDY TIRE CENTERS, INC.	3,831.50	3,831.50	TRUCK TIRES
7/21/09	2023	0350	CAPITAL PROJECTS	INDY TRACTOR, LLC	125.00	125.00	TRACTOR PARTS
7/21/09	2024	0100	GENERAL	IND. SCHL. BOARDS ASSN.	180.00	180.00	SEMINAR
7/21/09	2025	0100	GENERAL	J.P. PARKER FLOWERS	55.00	55.00	FLOWERS
7/21/09	2026	0350	CAPITAL PROJECTS	JARCO INDUSTRIES	2,819.40	2,819.40	STANCHIONS-CROWD CONTROL
7/21/09	2027	0900	TEXTBOOK RENTAL	KRISTY JOHNSON	63.19	63.19	BOOK RENTAL REFUND
7/21/09	2028	0100	GENERAL	JOSTENS	68.31	68.31	DIPLOMAS
7/21/09	2029	0350	CAPITAL PROJECTS	JW ASSOCIATES	176.00	176.00	STAGE DRAPING
7/21/09	2030	0410	TRANSPORTATION OPERATI	KERLIN BUS SALES & LEASING, INC	313.26	313.26	TRANS. SUPPLIES
7/21/09	2031	0900	TEXTBOOK RENTAL	MICHAEL KILPATRICK	68.15	68.15	BOOK RENTAL REFUND
7/21/09	2032	0900	TEXTBOOK RENTAL	KENNETH KNIGHT	19.05	19.05	BOOK RENTAL REFUND
7/21/09	2033	0900	TEXTBOOK RENTAL	MICHAEL LA ROCCO	13.70	13.70	BOOK RENTAL REFUND
7/21/09	2034	0900	TEXTBOOK RENTAL	MARY LANE	12.45	12.45	BOOK RENTAL REFUND
7/21/09	2035	0350	CAPITAL PROJECTS	LEARN 360	12,000.00	12,000.00	SOFTWARE LICENSE RENEWAL
7/21/09	2036	0350	CAPITAL PROJECTS	LEE COMPANY, INC.	1,220.38	1,220.38	FOLDING TABLES
7/21/09	2037	0100	GENERAL	JOHN DEERE LANDSCAPES/LESCO	1,488.00	1,488.00	GROUNDS SUPPLIES
7/21/09	2038	0900	TEXTBOOK RENTAL	MCGRAW-HILL COMPANIES	20,800.98	20,800.98	TEXT BOOKS
7/21/09	2039	0100	GENERAL	TERRY MAGNUSON	301.57	301.57	MILEAGE REIMB.
7/21/09	2040	7953	SPECIAL ED-PART B	MELISSA MELI	233.47	233.47	EXPENSE REIMB.
7/21/09	2041	0100	GENERAL	MENDOZA LANDSCAPE CONTRACTORS	300.00	300.00	LANDSCAPING SERVICES
7/21/09	2042	0350	CAPITAL PROJECTS	MIDWAY POWER, INC.	409.37	409.37	MOWER SUPPLIES

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DATE FILED	VOUCH NO.	FUND	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO.	MEMORANDUM
7/21/09	2043	0410	TRANSPORTATION OPERATI	MORGAN SERVICES	190.91	190.91	SUPPLIES
7/21/09	2044	0900	TEXTBOOK RENTAL	TINA MUDGE	15.00	15.00	BOOK RENTAL REFUND
7/21/09	2045	0350	CAPITAL PROJECTS	MULHAUPT'S, INC.	50.90	50.90	DOOR MAINT.
7/21/09	2046	0900	TEXTBOOK RENTAL	WADE MULL	12.40	12.40	BOOK RENTAL REFUND
7/21/09	2047	0900	TEXTBOOK RENTAL	TIM NAPIER	8.50	8.50	BOOK RENTAL REFUND
7/21/09	2048	1100	CLARK-PLEAS EMP BENEFI	NATIONAL ADVISORS TRUST CO.	2,000,000.00	2,000,000.00	VEBA TRUST TRANSFER
7/21/09	2049	0100	GENERAL	NATIONAL PEN COMPANY	843.95	843.95	STUDENT PENS
7/21/09	2050	0350	CAPITAL PROJECTS	NEACE LUKENS	1,768.00	1,768.00	ECA BONDS
7/21/09	2051	0100	GENERAL	NEW WHITELAND AUTO PARTS, INC.	49.98	49.98	VEHICLE SUPPLIES
7/21/09	2052	0350	CAPITAL PROJECTS	NILES LANKFORD GROUP, INC.	950.00	950.00	ADMIN. FEES
7/21/09	2053	0350	CAPITAL PROJECTS	NU-TEC ROOFING CONTRACTORS	65,648.42	65,648.42	ROOF REPAIRS-WES
7/21/09	2054	0410	TRANSPORTATION OPERATI	OFFICE MAX INCORPORATED	689.40	689.40	OFFICE SUPPLIES
7/21/09	2055	0350	CAPITAL PROJECTS	OLD NATIONAL BANK	13,830.00	13,830.00	TEMP. CLASSROOMS
7/21/09	2056	0100	GENERAL	OMNI SERVICES	2,292.79	2,292.79	OFFICE SUPPLIES
7/21/09	2057	0100	GENERAL	OTTE GOLF & FAMILY FUN CENTER	2,574.00	2,574.00	P.E. SUMMER SCHOOL
7/21/09	2058	0350	CAPITAL PROJECTS	THE OVERHEAD DOO CO. OF INDLPS	256.20	256.20	ADMIN.OVERHEAD DOOR MAINT
7/21/09	2059	0100	GENERAL	PARTNERS PRINTING	1,177.00	1,177.00	SMOKE SIGNALS PRINTING
7/21/09	2060	0100	GENERAL	JENNIE PATON	95.00	95.00	SUMMER SCHOOL REFUND
7/21/09	2061	0100	GENERAL	RICK PATRICK	95.00	95.00	SUMMER SCHOOL REFUND
7/21/09	2062	0900	TEXTBOOK RENTAL	PEARSON EDUCATION	36,266.86	36,266.86	TEXTBOOKS
7/21/09	2063	0100	GENERAL	ZACH PENNINGTON	491.25	491.25	LIFEGUARDING
7/21/09	2064	0900	TEXTBOOK RENTAL	PERFECTION LEARNING CORP.	328.35	328.35	TEXTBOOKS
7/21/09	2065	0100	GENERAL	PERMA-BOUND BOOKS	297.76	297.76	BOOKS
7/21/09	2066	0350	CAPITAL PROJECTS	PITNEY BOWES	209.00	209.00	METER RENTAL
7/21/09	2067	0100	GENERAL	PLUMBERS SUPPLY COMPANY	1,311.41	1,311.41	MAINT. SUPPLIES
7/21/09	2068	0350	CAPITAL PROJECTS	PLYMATE APPAREL SYSTEMS	1,013.90	1,013.90	UNIFORMS
7/21/09	2069	0350	CAPITAL PROJECTS	PLYMATE'S MATMAN	981.00	981.00	MATS
7/21/09	2070	0350	CAPITAL PROJECTS	PLYMATE'S MATMAN	277.78	277.78	MATS
7/21/09	2071	0350	CAPITAL PROJECTS	PLYMATE'S MATMAN	220.05	220.05	MATS
7/21/09	2072	0350	CAPITAL PROJECTS	PROQUEST INFORMATION & LEARN	1,690.00	1,690.00	SOFTWARE RENEWAL
7/21/09	2073	0100	GENERAL	QUILL CORPORATION	626.49	626.49	OFFICE SUPPLIES
7/21/09	2074	0100	GENERAL	RADIO SHACK	15.96	15.96	SUPPLIES
7/21/09	2075	0900	TEXTBOOK RENTAL	RALPH RAFFERTY	46.35	46.35	BOOK RENTAL REFUND
7/21/09	2076	0350	CAPITAL PROJECTS	RESEARCH IN MOTION CORPORATION	4,997.00	4,997.00	SUPPORT AGREEMENT
7/21/09	2077	0100	GENERAL	RIS PAPER COMPANY, INC.	21,000.00	21,000.00	COPY PAPER
7/21/09	2078	0900	TEXTBOOK RENTAL	JOHN ROBARDS, II	18.25	18.25	BOOK RENTAL REFUND
7/21/09	2079	0100	GENERAL	RONALD W. KELSAY	85.00	85.00	FLOWER ARRANGEMENT
7/21/09	2080	0900	TEXTBOOK RENTAL	WILLIAM RONK	56.00	56.00	BOOK RENTAL REFUND
7/21/09	2081	0100	GENERAL	SAFE HIRING SOLUTIONS	54.00	54.00	BACKGROUND CHECKS
7/21/09	2082	0350	CAPITAL PROJECTS	SANJO STEEL	95.00	95.00	VEHICLE SUPPLIES
7/21/09	2083	7953	SPECIAL ED-PART B	MELISSA SAUCIER	27.98	27.98	EXPENSE REIMB.
7/21/09	2084	0100	GENERAL	SAVE IT NOW	186.79	186.79	OFFICE SUPPLIES
7/21/09	2085	0100	GENERAL	JOHN SCHILAWSKI	160.20	160.20	EXPENSE REIMB.
7/21/09	2086	0100	GENERAL	SCHOOL DATEBOOKS, INC.	9,471.00	9,471.00	STUDENT HANDBOOKS
7/21/09	2087	0100	GENERAL	SHELBY MATERIALS, INC.	113.93	113.93	GROUNDS SUPPLIES
7/21/09	2087	0350	CAPITAL PROJECTS	SHELBY MATERIALS, INC.	602.94	602.94	GROUNDS SUPPLIES
				VOUCHER TOTAL	716.87	716.87	

CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION

FOR THE PERIOD OF 7/01/09 - 7/22/09

DATE FILED	VOUCH NO.	FUND	GENERAL	NAME OF CLAIMANT	VOUCHER AMOUNT	AMOUNT ALLOWED	CHECK NO.	MEMORANDUM
7/21/09	2088	0100	GENERAL	SHERWIN-WILLIAMS	1,393.96	1,393.96		MAINT. SUPPLIES
7/21/09	2089	0100	GENERAL	CHARLA SIMONS	104.75	104.75		MILEAGE/EXPENSE REIMB.
7/21/09	2090	0350	CAPITAL PROJECTS	SIMPLEX GRINNELL LP	420.00	420.00		ALARM MAINT.
7/21/09	2091	0900	TEXTBOOK RENTAL	GREG SNYDER	7.45	7.45		BOOK RENTAL REFUND
7/21/09	2092	0350	CAPITAL PROJECTS	SOFTCHOICE CORP.	2,027.20	2,027.20		SOFTWARE LICENSE
7/21/09	2093	0800	SCHOOL LUNCH	SOUTH CENTRAL CO., INC.	308.50	308.50		FOOD SERVICE EQUIP. MAINT
7/21/09	2094	0600	SPECIAL ED. PRESCHOOL	SPECIAL SERVICES	79,750.00	79,750.00		2ND 1/2 PRESCHOOL BUD.09
7/21/09	2095	0100	GENERAL	SPECTRUM JANITORIAL SUPPLY	531.26	531.26		CUSTODIAL SUPPLIES
7/21/09	2096	0900	TEXTBOOK RENTAL	JIM SPRAY	25.40	25.40		BOOK RENTAL REFUND
7/21/09	2097	0350	CAPITAL PROJECTS	STAIR ASSOCIATES, INC.	806.70	806.70		ENGINEERING SERVICES
7/21/09	2098	0100	GENERAL	STATE INDUSTRIAL PRODUCTS	541.12	541.12		MAINT. SUPPLIES
7/21/09	2098	0410	TRANSPORTATION OPERATI	STATE INDUSTRIAL PRODUCTS	350.17	350.17		TRANS. SUPPLIES
				VOUCHER TOTAL	891.29	891.29		
7/21/09	2099	0350	CAPITAL PROJECTS	THE STERLYN GROUP	895.00	895.00		QTLY. SECURITY ASSESSMENT
7/21/09	2100	7953	SPECIAL ED-PART B	MARI JO STEWART	1,600.00	1,600.00		CONSULTING SERVICES
7/21/09	2101	0900	TEXTBOOK RENTAL	LLOYD STILL	8.60	8.60		BOOK RENTAL REFUND
7/21/09	2102	0900	TEXTBOOK RENTAL	JODI STOGSDILL	103.48	103.48		BOOK RENTAL REFUND
7/21/09	2103	0350	CAPITAL PROJECTS	SUBURBAN GLASS SERVICE, INC.	3,001.30	3,001.30		DOUBLE DOORS - SWE
7/21/09	2104	0900	TEXTBOOK RENTAL	DEREK SULLIVAN	12.01	12.01		BOOK RENTAL REFUND
7/21/09	2105	0900	TEXTBOOK RENTAL	ROWENA TAYLOR	13.95	13.95		BOOK RENTAL REFUND
7/21/09	2106	0350	CAPITAL PROJECTS	TERMINIX PROCESSING CENTER	1,002.00	1,002.00		PEST CONTROL
7/21/09	2107	0900	TEXTBOOK RENTAL	ED TICHENDR	11.05	11.05		BOOK RENTAL REFUND
7/21/09	2108	0100	GENERAL	TRI-STATE BOLT, INC.	19.78	19.78		SUPPLIES
7/21/09	2108	0410	TRANSPORTATION OPERATI	TRI-STATE BOLT, INC.	52.55	52.55		TRANS. SUPPLIES
				VOUCHER TOTAL	72.33	72.33		
7/21/09	2109	0100	GENERAL	UNITED LABORATORIES	1,314.00	1,314.00		CLEANING SUPPLIES
7/21/09	2110	0800	SCHOOL LUNCH	VANCO R & R EQUIPMENT SERVICE	5,191.89	5,191.89		FOOD SERV. EQUIP. REPAIRS
7/21/09	2111	5800	DRUG-FREE SCHOOLS & CO	WCHS DOCS VS JOCKS VS DRUGS	1,700.00	1,700.00		REIMB.
7/21/09	2112	0900	TEXTBOOK RENTAL	KEVIN WHITAKER	11.95	11.95		BOOK RENTAL REFUND
7/21/09	2113	0100	GENERAL	WHITE WAY SIGN & MAINT. CO.	69.00	69.00		MAINT. SUPPLIES
7/21/09	2114	0410	TRANSPORTATION OPERATI	WHITELAND AUTO SUPPLY	1,056.12	1,056.12		VEHICLE SUPPLIES
7/21/09	2115	0100	GENERAL	WHITELAND AUTO SUPPLY	92.42	92.42		VEHICLE SUPPLIES
7/21/09	2116	0350	CAPITAL PROJECTS	WHITELAND AUTO SUPPLY	98.79	98.79		VEHICLE SUPPLIES
7/21/09	2117	0350	CAPITAL PROJECTS	WHITELAND TIRE & FLEET SERVICE	66.00	66.00		VEHICLE TIRES
7/21/09	2117	0410	TRANSPORTATION OPERATI	WHITELAND TIRE & FLEET SERVICE	375.00	375.00		TRANS. SUPPLIES
				VOUCHER TOTAL	441.00	441.00		
7/21/09	2118	0900	TEXTBOOK RENTAL	CATHY WILSON	49.35	49.35		BOOK RENTAL REFUND
7/21/09	2119	0350	CAPITAL PROJECTS	WIRE SUPPLIES	19,217.60	19,217.60		TECH. SUPPLIES
7/21/09	2120	0900	TEXTBOOK RENTAL	SHELLY WITT	24.75	24.75		BOOK RENTAL REFUND
				NEW VOUCHERS TOTAL	2,567,766.24			
				GRAND TOTAL	3,457,235.62			

7/17/09  
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## FUND SUMMARY

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## CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION

FUND	DESCRIPTION	VOUCHER TOTAL
100	GENERAL	654,661.38
350	CAPITAL PROJECTS	252,762.69
410	TRANSPORTATION OPERATING FUND	22,905.60
600	SPECIAL ED. PRESCHOOL	79,750.00
700	CONSTRUCTION FUND	2,740.85
800	SCHOOL LUNCH	12,942.83
900	TEXTBOOK RENTAL	124,126.85
1100	CLARK-PLEAS EMP BENEFIT PLAN	2,000,382.50
1900	ALTERNATIVE EDUCATION FUND	25.50
2904	C.A.P.E. GRANT-KNDGRTN CAMP	952.13
4100	TITLE I	4,032.73
5800	DRUG-FREE SCHOOLS & COMM	1,700.00
7953	SPECIAL ED-PART B	1,861.45
9210	FEDERAL TAX	74,824.39
9220	SOCIAL SECURITY	65,753.78
9230	STATE TAX	58,199.57
9240	CAGIT	19,109.67
9250	TEACHER RETIREMENT	242.39
9460	NATIONWIDE	53,770.34
9510	NATIONWIDE CLASSIFIED	25,363.43
9590	CHILD SUPPORT	530.00
9610	ANNUITY LOAN	597.54
	GRAND TOTAL.....	3,457,235.62

Exhibit B

**AMENDMENT NUMBER ONE  
TO THE  
CLARK-PLEASANT COMMUNITY SCHOOLS VEBA HEALTH SAVINGS PLAN**

THIS AMENDMENT NUMBER ONE is executed this \_\_\_\_\_ day of \_\_\_\_\_, 2009, by Clark-Pleasant Community School Corporation:

WHEREAS, Clark-Pleasant Community School Corporation adopted the America's VEBA Solution Adoption Agreement and Basic Plan Document, originally effective January 1, 2006, and restated effective January 1, 2008.

WHEREAS, Clark-Pleasant Community School Corporation now desires to further amend the Adoption Agreement.

AND NOW, THEREFORE, the Adoption Agreement is hereby amended to be effective as of the dates set forth below:

(1) Article VI, Section 6.1, Initial Contribution, shall be amended effective January 1, 2006, to provide as follows:

[X] Fixed dollar amount: A lump sum contribution of SB 199 bond proceeds shall be contributed by the Adopting Employer as an unallocated contribution on behalf of all Eligible Employees under Addendum Section 4.1 who were hired by the Adopting Employer on or before June 30, 2001. Such contribution shall be made on or about January 1, 2006. Upon satisfaction of the vesting requirements under Addendum Section 5.1, a portion of the unallocated account, in the amount of \$32,086, shall be allocated to each such Eligible Employee's HC account. Additionally, upon satisfaction of the vesting requirements under Addendum Section 5.1, a portion of the unallocated account, in the amount of the premium for single coverage under the Adopting Employer's health plan, shall be paid to the Employee Benefit Plan on behalf of such Eligible Employee each year until such Eligible Employee becomes Medicare eligible, unless such amount is instead paid from the Adopting Employer's general assets. For a Participant first hired by the Adopting Employer on or after July 1, 2001, upon satisfaction of the vesting requirements, the Adopting Employer shall make a contribution to the VEBA in the amount of \$32,086 which shall be allocated to such Participant's HC account.

(2) Article VI, Section 6.1, Subsequent Contributions, shall be amended effective January 1, 2006, to provide as follows:

Fixed formula (*Describe*): The Adopting Employer may make additional contributions to the Plan from time to time as determined by the Adopting Employer in its sole discretion. Alternatively, the Adopting Employer may fund any benefit under this Plan from its general assets from time to time as determined by the Adopting Employer in its sole discretion.

(3) Article VI, Section 6.3, Direction of Investments, shall be amended effective September 1, 2009, as follows:

Direction of Investments:

Plan Administrator shall direct investment of unallocated contributions.

Participants shall direct investment of their HC Accounts.

Other (*Describe*): The Plan Trustees shall direct investment of unallocated contributions.

(4) The last sentence of Attachment 1, Section 5.1, Vesting, shall be amended effective January 1, 2006, as follows:

\*Experience recognized by the Indiana State Teachers Retirement Fund as experience toward ISTRF or experience recognized by the Indiana Public Employees Retirement Fund as experience toward PERF, as applicable.

(5) In all other respects, the Plan shall be and remain unchanged.

This Amendment Number One is executed this \_\_\_\_ day of \_\_\_\_\_, 2009.

CLARK-PLEASANT COMMUNITY  
SCHOOL CORPORATION

By: \_\_\_\_\_

Title: \_\_\_\_\_

# Exhibit C

*The Windsor Group, Ltd.*

*Financial, Investment & Wealth Advisors*

*500 East 96<sup>th</sup> Street, Suite 450  
Indianapolis, IN 46240  
317.848.3005 phone 317.844.9614 fax*

**August 4, 2009**

**To Clark Pleasant Community School Corporation Employee Benefit Committee:**

This letter is to confirm the performance of Trust assets held under the Clark Pleasant Community School Corporation VEBA Employee Benefit Plan (VEBA II) for which The Windsor Group provides investment advisory services.

The VEBA II Trust was funded with \$2,000,000 on June 26, 2007, in two separate accounts, account no. 13255000034 and account no. 13255000043.

The following represents the progression of the VEBA II Trust from inception date to August 3, 2009:

	<u>Account 13255000034</u>	<u>Account 13255000043</u>	<u>Total</u>
Contributions	1,000,000	1,000,000	2,000,000
Withdrawals	(2,515)	(797)	(3,312)
Realized Gain/(Loss)	(102,169)	-	(102,169)
Unrealized Gain/(Loss)	(105,940)	27,640	(78,300)
Interest	2,063	53,312	55,375
Dividends	111,941	7,149	119,090
Management Fees	<u>(18,504)</u>	<u>(3,840)</u>	<u>(22,344)</u>
Portfolio Value on 08-03-09	884,876	1,083,464	1,968,340
Total Net Gain/(Loss) – Note 1	(112,609)	82,261	(30,348)
Total Net Unrealized Gain/(Loss) – Note 2	(10,440)	82,261	71,821

Note 1: "Total Net Gain/(Loss)" includes realized gains/losses, unrealized gains/losses, interest and dividends. Interest and dividends must be included in the net gain/loss calculation due to mutual fund shares used for investment. As mutual funds distribute income via dividend or capital gain distributions, the net asset value of the fund is reduced by the value of the capital distribution. Therefore, every income distribution affects interest, dividends and unrealized gain/loss totals.

Note 2: "Total Net Unrealized Gain/(Loss)" includes unrealized gains/losses, interest and dividends. Interest and dividends must be included in the net unrealized gain/loss calculation due to mutual fund shares used for investment. As mutual funds distribute income via dividend or capital gain distributions, the net asset value of the fund is reduced by the value of the capital distribution. Therefore, every income



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distribution affects interest, dividends and unrealized gain/loss totals. There is no impact of these income distributions on realized gain/loss values.

Please let us know if you need additional information.

THE WINDSOR GROUP, LTD.

Robert S. Kaspar, CPA  
Managing Principal



SELECTED RECORDS - VOLUNTARY  
EMPLOYEE BENEFITS ASSOCIATIONS  
CLARK-PLEASANT COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF QUESTIONED COSTS

	<u>Questioned Costs</u>
VEBA II Losses on Investments Not Authorized by Statute, pages 7 and 8	\$ 100,625.28
VEBA I Losses on Investments and Future Consequences, pages 8 and 9	<u>142,290.18</u>
Total	<u><u>\$ 242,915.46</u></u>