

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2765

AUDIT REPORT

OF

WEST CLARK COMMUNITY SCHOOLS

CLARK COUNTY, INDIANA

July 1, 2003 to June 30, 2005



FILED
7/18/06

TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Officials	2
Independent Auditor's Report on Financial Statements and Supplementary Schedule of Expenditures of Federal Awards	3-4
Independent Auditor's Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Cash and Investments	6-7
Statement of Cash Activities	8-9
Fund Financial Statements:	
Governmental Funds:	
Statement of Receipts, Disbursements, and Cash and Investment Balances – Governmental Funds	10-11
Fiduciary Funds:	
Statement of Receipts, Disbursements, and Changes in Cash and Investments – Fiduciary Funds	12-13
Statement of Cash and Investments – Fiduciary Funds	14-15
Notes to Financial Statements	16-27
Required Supplementary Information:	
Schedule of Funding Progress	28
Audit Results and Comments:	
Prescribed Forms	29
Deposits	29
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133	32-33
Schedule of Expenditures of Federal Awards	34
Notes to Schedule of Expenditures of Federal Awards	35
Schedule of Findings and Questioned Costs	36
Auditee Prepared Schedules:	
Summary Schedule of Prior Audit Findings	37
Exit Conference	38

OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	R. Mac Dyer	07-01-03 to 06-30-06
Superintendent of Schools	Terry E. Smith	07-01-03 to 06-30-06
President of the School Board	Sandra Furnish Banet	07-01-03 to 06-30-06



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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

TO: THE OFFICIALS OF THE WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the West Clark Community Schools (School Corporation), as of and for the years ended June 30, 2004 and 2005, which collectively comprise the West Clark Community Schools' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

As discussed in Note I, the School Corporation prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the cash basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2004 and 2005, and the respective cash receipts and cash disbursements during the years then ended on the basis of accounting described in Note I.

In accordance with Government Auditing Standards, we have also issued a report dated June 1, 2006, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

Our audit was performed for the purpose of forming an opinion on the basic financial statements of the School Corporation taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

The Schedule of Funding Progress, as listed in the table of contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

June 1, 2006

STATE BOARD OF ACCOUNTS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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

TO: THE OFFICIALS OF THE WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

We have audited the financial statements of the West Clark Community Schools (School Corporation), as of and for the years ended June 30, 2004 and 2005, and have issued our report thereon dated June 1, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

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

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

STATE BOARD OF ACCOUNTS

June 1, 2006

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2004

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 4,000,062
Restricted assets:	
Cash and investments	<u>1,798,189</u>
Total assets	<u>\$ 5,798,251</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 1,798,189
Unrestricted	<u>4,000,062</u>
Total net assets	<u>\$ 5,798,251</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF CASH AND INVESTMENTS
June 30, 2005

<u>Assets</u>	<u>Governmental Activities</u>
Current assets:	
Cash and investments	\$ 10,153,314
Restricted assets:	
Cash and investments	<u>4,061,476</u>
Total assets	<u>\$ 14,214,790</u>
 <u>Net Assets</u>	
Restricted for:	
Debt service	\$ 4,061,476
Unrestricted	<u>10,153,314</u>
Total net assets	<u>\$ 14,214,790</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2004

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 10,623,028	\$ -	\$ 152,082	\$ (10,470,946)
Support services	15,040,991	927,748	315,829	(13,797,414)
Community services	246,451	-	-	(246,451)
Nonprogrammed charges	919,534	-	-	(919,534)
Debt service	<u>8,073,267</u>	<u>-</u>	<u>-</u>	<u>(8,073,267)</u>
Total governmental activities	<u>\$ 34,903,271</u>	<u>\$ 927,748</u>	<u>\$ 467,911</u>	<u>(33,507,612)</u>
General receipts:				
Property taxes				5,418,868
Other local sources				937,124
State aid				11,165,795
Grants and contributions not restricted				1,161,310
Bonds and loans				10,462,229
Sale of property, adjustments, and refunds				124,525
Investment earnings				48,654
Intergovernmental transfers				<u>117,810</u>
Total general receipts and intergovernmental transfers				<u>29,436,315</u>
Change in cash and investments				(4,071,297)
Net assets - beginning				<u>9,869,548</u>
Net assets - ending				<u>\$ 5,798,251</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF CASH ACTIVITIES
For the Year Ended June 30, 2005

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts
		Charges for Services	Operating Grants and Contributions	Total
Governmental activities:				
Instruction	\$ 10,491,009	\$ -	\$ 140,446	\$ (10,350,563)
Support services	12,798,922	1,051,016	411,159	(11,336,747)
Community services	256,295	-	-	(256,295)
Nonprogrammed charges	1,468,694	-	-	(1,468,694)
Debt service	<u>13,173,550</u>	<u>-</u>	<u>-</u>	<u>(13,173,550)</u>
Total governmental activities	<u>\$ 38,188,470</u>	<u>\$ 1,051,016</u>	<u>\$ 551,605</u>	<u>(36,585,849)</u>
General receipts:				
Property taxes				18,006,641
Other local sources				3,866,797
State aid				11,133,994
Grants and contributions not restricted				680,475
Bonds and loans				10,479,088
Sale of property, adjustments, and refunds				267,820
Investment earnings				85,939
Intergovernmental transfers				<u>481,634</u>
Total general receipts and intergovernmental transfers				<u>45,002,388</u>
Change in cash and investments				8,416,539
Net assets - beginning				<u>5,798,251</u>
Net assets - ending				<u>\$ 14,214,790</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2004

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 3,423,181	\$ 632,292	\$ 1,017,038	\$ 1,164,913	\$ 84,044	\$ -	\$ 1,009,706	\$ 7,331,174
Intermediate sources	227	-	-	-	-	-	994	1,221
State sources	11,180,742	62,349	58,687	-	-	-	576,702	11,878,480
Federal sources	-	-	-	-	-	-	916,535	916,535
Bonds and loans	5,340,110	751,478	2,898,835	1,471,806	-	-	-	10,462,229
Sale of property, adjustments and refunds	32,982	962	-	23,553	-	-	67,028	124,525
Intergovernmental transfers	1,744	73,305	-	-	3,881	-	38,880	117,810
Total receipts	19,978,986	1,520,386	3,974,560	2,660,272	87,925	-	2,609,845	30,831,974
Disbursements:								
Current:								
Instruction	9,765,343	-	-	-	-	-	857,685	10,623,028
Support services	6,863,750	1,410,728	348	2,190,862	104,976	483,338	3,986,989	15,040,991
Community services	245,411	-	-	-	-	-	1,040	246,451
Nonprogrammed charges	701,878	3,881	73,305	-	-	-	140,470	919,534
Debt services	3,358,916	466,190	3,396,579	851,582	-	-	-	8,073,267
Total disbursements	20,935,298	1,880,799	3,470,232	3,042,444	104,976	483,338	4,986,184	34,903,271
Excess (deficiency) of total receipts over (under) total disbursements	(956,312)	(360,413)	504,328	(382,172)	(17,051)	(483,338)	(2,376,339)	(4,071,297)
Cash and investments - beginning	2,669,549	336,623	1,293,861	1,230,969	34,135	1,582,107	2,722,304	9,869,548
Cash and investments - ending	<u>\$ 1,713,237</u>	<u>\$ (23,790)</u>	<u>\$ 1,798,189</u>	<u>\$ 848,797</u>	<u>\$ 17,084</u>	<u>\$ 1,098,769</u>	<u>\$ 345,965</u>	<u>\$ 5,798,251</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES
GOVERNMENTAL FUNDS
For The Year Ended June 30, 2005

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Construction	Other	Totals
Receipts:								
Local sources	\$ 10,063,788	\$ 1,702,036	\$ 6,607,754	\$ 2,908,464	\$ 328,312	\$ -	\$ 1,399,100	\$ 23,009,454
Intermediate sources	114	-	-	-	-	-	825	939
State sources	11,258,105	-	-	-	-	-	235,374	11,493,479
Federal sources	-	-	-	-	-	-	872,595	872,595
Bonds and loans	5,878,852	1,056,674	2,022,560	1,521,002	-	-	-	10,479,088
Sale of property, adjustments and refunds	55,923	1,102	-	194,969	-	100	15,726	267,820
Intergovernmental transfers	255,817	146,061	72,756	-	-	-	7,000	481,634
Total receipts	27,512,599	2,905,873	8,703,070	4,624,435	328,312	100	2,530,620	46,605,009
Disbursements:								
Current:								
Instruction	9,917,819	-	-	-	-	-	573,190	10,491,009
Support services	6,799,373	1,362,425	-	2,481,290	70,000	543,539	1,542,295	12,798,922
Community services	247,825	-	-	-	-	-	8,470	256,295
Nonprogrammed charges	998,078	326,756	(549)	-	-	-	144,409	1,468,694
Debt services	5,128,952	638,690	6,440,332	965,576	-	-	-	13,173,550
Total disbursements	23,092,047	2,327,871	6,439,783	3,446,866	70,000	543,539	2,268,364	38,188,470
Excess (deficiency) of total receipts over (under) total disbursements	4,420,552	578,002	2,263,287	1,177,569	258,312	(543,439)	262,256	8,416,539
Cash and investments - beginning	1,713,237	(23,790)	1,798,189	848,797	17,084	1,098,769	345,965	5,798,251
Cash and investments - ending	<u>\$ 6,133,789</u>	<u>\$ 554,212</u>	<u>\$ 4,061,476</u>	<u>\$ 2,026,366</u>	<u>\$ 275,396</u>	<u>\$ 555,330</u>	<u>\$ 608,221</u>	<u>\$ 14,214,790</u>

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2004

	Private-Purpose Trust Funds
Additions:	
Local sources	\$ 10,477
State sources	29,739
Federal sources	3,400
Total additions	43,616
Deductions:	
Instruction	39,932
Support services	7,571
Total deductions	47,503
Deficiency of total additions under total deductions	(3,887)
Cash and investments - beginning	4,944
Cash and investments - ending	\$ 1,057

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

WEST CLARK COMMUNITY SCHOOLS
STATEMENT OF RECEIPTS, DISBURSEMENTS,
AND CHANGES IN CASH AND INVESTMENTS
FIDUCIARY FUNDS
For The Year Ended June 30, 2005

	Private-Purpose Trust Funds
Additions:	
State sources	\$ 19,363
Deductions:	
Instruction	25,478
Support services	2,480
Total deductions	27,958
Deficiency of total additions under total deductions	(8,595)
Cash and investments - beginning	1,057
Cash and investments - ending	\$ (7,538)

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

WEST CLARK COMMUNITY SCHOOLS
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2004

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	\$ 1,057	\$ 504,684
<u>Net Assets</u>		
Held in trust to benefit students	\$ 1,057	

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

WEST CLARK COMMUNITY SCHOOLS
 STATEMENT OF CASH AND INVESTMENTS
 FIDUCIARY FUNDS
 June 30, 2005

<u>Assets</u>	<u>Private-Purpose Trust Funds</u>	<u>Agency Funds</u>
Cash and investments	<u>\$ (7,538)</u>	<u>\$ 17,452</u>
 <u>Net Assets</u>		
Held in trust to benefit students	<u>\$ (7,538)</u>	

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

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

The accompanying financial statements present the activities of the School Corporation (primary government). There are no significant component units which require inclusion.

Joint Venture

The School Corporation is a participant with Greater Clark Community Schools and Clarksville Community School Corporation in a joint venture to operate the Clark County Special Education Cooperative which was created to provide special educational services to handicapped children. The School Corporation is obligated by contract to remit budgeted amounts by August 1st and January 1st of the school year to supplement the Clark County Special Education Cooperative. The payments made to the Clark County Special Education Cooperative totaled \$325,085 for the 2004-2005 school year. Complete financial statements for the Clark County Special Education Cooperative can be obtained from the Cooperative's administration office at the Greater Clark County Community Schools, 2112 Utica Sellersburg Road, Jeffersonville, Indiana 47130.

B. Government-Wide and Fund Financial Statements

Government-wide financial statements, (i.e., the Statement of Cash and Investments and the Statement of Cash Activities) report information on all of the nonfiduciary activities of the School Corporation and its component units. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. However, there are no business-type activities to report at this time.

The Statement of Cash Activities demonstrates the degree to which direct disbursements of a given function or segment is offset by program receipts. Direct disbursements are clearly identifiable with a specific function or segment. Program receipts include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program receipts are reported instead as general receipts.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. However, at this time, the School Corporation has not established any enterprise funds.

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

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

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

The School Corporation reports the following major governmental funds:

The general fund is the School Corporation's primary operating fund and accounts for all financial resources of the School Corporation, except those required to be accounted for in another fund.

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

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

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

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

The construction fund is used to account for disbursements for capital outlay from receipts derived from the sale of general obligation bonds or other outside sources.

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of West Clark Community School Corporation with additional enrichment programs.

Agency funds account for assets held by the School Corporation as an agent for tax levies in excess of 10% and construction retainage funds and serve as control of accounts for certain cash transactions during the time they are a liability to the School Corporation.

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

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

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

D. Assets and Cash Net Assets or Equity

1. Deposits and Investments

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

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

2. Property Taxes

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

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 8 to 14 days per year based on job classifications. Unused sick leave may be accumulated to a maximum of 180 days based on job classifications. A portion of accumulated sick leave is paid to employees through cash payments upon retirement.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 1 week to 3 weeks per year based upon the number of years of service. Vacation leave does not accumulate from year to year.

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days per year. Unused personal leave may be accumulated to a maximum of 4 days. Accumulated personal leave is not paid to employees.

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

II. Stewardship, Compliance and Accountability

Budgetary Information

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

On or before September 10, the fiscal officer of the School Corporation submits to the School Board a proposed operating budget for the year commencing the following January 1. Prior to adoption, the budget is advertised and public hearings are conducted by the School Board to obtain taxpayer comments. No later than September 20th of each year, the School Board, through the passage of a resolution, adopts the budget for the next year. Copies of the budget resolution and the advertisement for funds for which property taxes are levied are sent to the Indiana Department of Local Government Finance. The budget becomes effective after the School Corporation receives notice from the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits and Investments

1. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds; and has a principal office or branch that qualifies to receive public funds of the political subdivision. Balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

2. Investments

Authorization for investment activity is stated in Indiana Code 5-13.

Investment Policies

Indiana Code 5-13-9 authorizes the School Corporation to invest in securities backed by the full faith and credit of the United States Treasury or fully guaranteed by the United States of America and issued by the United States Treasury, a federal agency, a federal instrumentality, or a federal government sponsored enterprise. Indiana Code also authorizes the unit to invest in securities fully guaranteed and issued by a federal agency, a federal instrumentality or a federal government sponsored enterprise. These investments are required by statute to have a stated final maturity of not more than two years.

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Indiana Code also provides for investment in money market mutual funds that are in the form of securities of, or interest in, an open-end, no-load, management-type investment company or investment trust registered under the provision of the federal Investment Company Act of 1940, as amended. Investments in money market mutual funds may not exceed 50% of the funds held by the City and available for investment. The portfolio of an investment company or investment trust used must be limited to direct obligations of the United States of America, obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise; or repurchase agreements fully collateralized by direct obligations of the United States of America or obligations issued by a federal agency, a federal instrumentality, or a federal government sponsored enterprise. The form of securities of or interest in an investment company or investment trust must be rated as AAA, or its equivalent by Standard and Poor's Corporation or its successor or Aaa, or its equivalent, by Moody's Investors Service, Inc., or its successor. The form of securities in an investment company or investment trust should have a stated final maturity of one day.

Additionally, the School Corporation may enter into repurchase agreements with depositories designated by the State Board of Finance as depositories for state deposits involving the unit's purchase and guaranteed resale of any interest-bearing obligations issued or fully insured or guaranteed by the United States of America, a United States of America government agency, an instrumentality of the United States of America, or a federal government sponsored enterprise. The repurchase agreement is considered to have a stated final maturity of one day. This agreement must be fully collateralized by interest-bearing obligations as determined by their current market value.

Investment Custodial Credit Risk

The custodial credit risk for investments is the risk that, in the event of the failure of the counterparty to a transaction, a government will not be able to recover the value of investment or collateral securities that are in the possession of an outside party. The School Corporation does not have a formal investment policy for custodial credit risk for investments.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation does not have a policy in regards to concentration of credit risk. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

Foreign Currency Risk

The School Corporation does not have a formal policy in regards to foreign currency risk.

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

B. Capital Assets

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

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts) are as follows:

	Capitalization Threshold
Land	\$ *
Buildings	5,000
Improvements other than buildings	5,000
Machinery and equipment	1,500

*All land acquisitions are capitalized.

Capital asset activity for the fiscal years ended June 30, 2004 and 2005, was as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<u>Fiscal Year 2003-2004</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 278,187	\$ -	\$ -	\$ 278,187
Construction in progress	3,347,383	56,258	3,403,641	-
Buildings	55,542,145	4,113,344	-	59,655,489
Improvements other than buildings	2,984,737	114,043	-	3,098,780
Machinery and equipment	13,925,757	1,154,747	-	15,080,504
Total governmental activities, capital assets not being depreciated	\$ 76,078,209	\$ 5,438,392	\$ 3,403,641	\$ 78,112,960
<u>Fiscal Year 2004-2005</u>				
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 278,187	\$ -	\$ -	\$ 278,187
Buildings	59,655,489	889,726	-	60,545,215
Improvements other than buildings	3,098,780	18,240	-	3,117,020
Machinery and equipment	15,080,504	372,412	-	15,452,916
Total governmental activities, capital assets not being depreciated	\$ 78,112,960	\$ 1,280,378	\$ -	\$ 79,393,338

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Interfund Transfers

Interfund transfers for the fiscal years ended June 30, 2004 and 2005, were as follows:

Transfer From	Transfer To	2004	2005
General Fund	Transportation	\$ -	\$ 254,000
Debt Service	Transportation	73,305	146,061
Transportation	General Fund	-	254,000
Transportation	Debt Service	-	72,756
Transportation	School Bus Replacement	3,881	-
Nonmajor Governmental	General Fund	6,594	1,710
Nonmajor Governmental	Nonmajor Governmental	38,880	7,000
		<u>122,660</u>	<u>735,527</u>
Totals		<u>\$ 122,660</u>	<u>\$ 735,527</u>

The School Corporation typically uses transfers for cash flow purposes as provided by various statutory provisions. The above transfers were for reimbursement of expenditures and closeout of fund balances to the General Fund.

D. Capital Leases

The School Corporation has entered into two capital leases for various school buildings and for the purchase of computer software. Future minimum lease payments and present values of the net minimum lease payments under these capital leases as of June 30, 2005, are as follows:

	Governmental Activities
2006	\$ 3,857,080
2007	3,976,080
2008	4,088,080
2009	4,111,000
2010	4,175,000
2011-2015	21,773,400
2016-2020	23,262,000
2021-2025	<u>14,652,000</u>
Total minimum lease payments	79,894,640
Less amount representing interest	<u>27,615,720</u>
Present value of net minimum lease payments	<u>\$ 52,278,920</u>

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

The assets acquired through capital leases still in effect are as follows:

	Governmental Activities
Buildings	\$ 52,190,000
Machinery and equipment	122,000
Total	\$ 52,312,000

E. Short-Term Liabilities

Tax Anticipation Warrants

The School Corporation issues tax anticipation warrants for cash flow purposes in advance of property tax collections and/or state tuition support distributions, depositing the proceeds in the appropriate fund.

Short-term debt activity for the years ended June 30, 2004 and 2005, was as follows:

<u>Fiscal Year 2003-2004</u>	Beginning Balance	Issued/ Draws	Redeemed Repayments	Ending Balance
Tax anticipation warrants	\$ 7,063,922	\$ 10,433,555	\$ 3,892,018	\$ 13,605,459
<u>Fiscal Year 2004-2005</u>				
Tax anticipation warrants	\$ 13,605,459	\$ 10,225,088	\$ 9,500,060	\$ 14,330,487

F. Long-Term Liabilities

1. Loans Payable

The School Corporation has entered into various loans. Annual debt service requirements to maturity for the loans are as follows:

	Governmental Activities	
	Principal	Interest
2006	\$ 117,516	\$ 5,722
2007	59,338	2,225
2008	59,338	1,632
2009	59,338	1,038
2010	59,338	445
Totals	\$ 354,868	\$ 11,062

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Changes in Long-Term Debt

Long-term debt activity for the years ended June 30, 2004 and 2005, was as follows:

<u>Fiscal Year 2003-2004</u>	<u>Balance July 1</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30</u>	<u>Due Within One Year</u>
Governmental activities:					
Bonds payable:					
General obligation	\$ 120,000	\$ -	\$ 60,000	\$ 60,000	\$ 60,000
Capital leases	51,550,000	-	490,000	51,060,000	1,240,000
Loans payable	471,735	296,689	252,862	515,562	160,694
Total governmental activities long-term liabilities	<u>\$ 52,141,735</u>	<u>\$ 296,689</u>	<u>\$ 802,862</u>	<u>\$ 51,120,000</u>	<u>\$ 1,460,694</u>
<u>Fiscal Year 2004-2005</u>					
Governmental activities:					
Bonds payable:					
General obligation	\$ 60,000	\$ -	\$ 60,000	\$ -	\$ -
Capital leases	51,060,000	52,312,000	51,093,080	52,278,920	1,958,013
Loans payable	515,562	-	160,694	354,868	117,516
Total governmental activities long-term liabilities	<u>\$ 51,635,562</u>	<u>\$ 52,312,000</u>	<u>\$ 51,313,774</u>	<u>\$ 52,633,788</u>	<u>\$ 2,075,529</u>

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with West Clark 2000 School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation.

The school facilities under the lease are included in the capital assets note of the School Corporation and the corresponding lease obligation has been included in the governmental activities column of the lease note. Lease payments during the year totaled \$4,109,565.

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

C. Subsequent Events

The School has accepted a bid for the purchase of five new school buses in the amount of \$148,358. The contract is to be paid from the Transportation Fund.

The School has adopted a resolution for the issuance of bonds in the amount of \$6,000,000 for the purpose of providing funds for the Retirement and Severance Liability for its employees upon their termination of employment. The issue is expected to be completed during 2006.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health insurance benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining age 55 with at least 30 years of service. Currently, 55 retirees meet these eligibility requirements. The School Corporation and retirees provide 75% and 25%, respectively, of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. Disbursements for postemployment benefits cannot be reasonably estimated.

E. Pension Plans

1. Agent Multiple-Employer Defined Benefit Pension Plan

Public Employees' Retirement Fund

Plan Description

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

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

Public Employees' Retirement Fund
Harrison Building, Room 800
143 West Market Street
Indianapolis, IN 46204
Ph. (317) 233-4162

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

Funding Policy and Annual Pension Cost

The contribution requirements of plan members for PERF are established by the Board of Trustees of PERF. The School Corporation's annual pension cost and related information, as provided by the actuary, is presented in this note.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 131,002
Interest on net pension obligation	(18,273)
Adjustment to annual required contribution	20,823
Annual pension cost	133,552
Contributions made	211,513
Decrease in net pension obligation	(77,961)
Net pension obligation, beginning of year	(252,036)
Net pension obligation, end of year	\$ (329,997)
Contribution rates:	
School Corporation	6.5%
Plan members	3%
Actuarial valuation date	07-01-04
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	40 years
Amortization period (from date)	07-01-97
Asset valuation method	4 year smoothed market

Actuarial Assumptions

Investment rate of return	7.25%
Projected future salary increases:	
Total	5%
Attributed to inflation	4%
Attributed to merit/seniority	1%
Cost-of-living adjustments	2%

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-02	\$ 157,488	142%	\$ (216,358)
	06-30-03	183,765	119%	(252,036)
	06-30-04	133,552	158%	(329,997)

WEST CLARK COMMUNITY SCHOOLS
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

The School Corporation is to contribute at an actuarially determined rate. The current rate has been actuarially determined under the entry age normal cost method to be 6.82% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2003, 2004, and 2005, were \$234,414, \$230,494, and \$265,293, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

WEST CLARK COMMUNITY SCHOOLS
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Excess of Assets Over (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-02	\$ 3,023,845	\$ 3,393,420	\$ (369,575)	89%	\$ 2,974,874	(12%)
07-01-03	3,108,994	2,963,418	145,576	105%	3,079,963	5%
07-01-04	3,196,910	3,079,608	117,302	104%	3,154,346	4%

WEST CLARK COMMUNITY SCHOOLS
AUDIT RESULTS AND COMMENTS

PRESCRIBED FORMS (Applies to Henryville Elementary)

Prescribed Receipt Form, SA-3, was not being used in the prescribed manner. We determined that the Extra-Curricular Treasurer was not segregating cash, checks and money orders into proper classifications on the receipts but rather, combining collections under one of these classifications which resulted in a difference in the amount of cash, check and money orders as shown on the deposit slips. The receipts in total did agree with the total on the deposit slips and postings to the School's ledger.

Officials and employees are required to use State Board of Accounts prescribed or approved forms in the manner prescribed. (Accounting and Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 7)

DEPOSITS (Applies to Borden Jr./ Sr. High School)

Receipts were not always deposited within a reasonable time period. Receipts, in some instances, were held for period in excess of six days before depositing.

Indiana Code 20-5-7-4 states in part: ". . . receipts shall be deposited without unreasonable delay."

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS
302 WEST WASHINGTON STREET
ROOM E418
INDIANAPOLIS, INDIANA 46204-2765

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

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

TO: THE OFFICIALS OF THE WEST CLARK COMMUNITY SCHOOLS, CLARK COUNTY, INDIANA

Compliance

We have audited the compliance of the West Clark Community Schools (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005. The School Corporation's major federal programs are identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the School Corporation's compliance based on our audit.

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

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2004 and 2005.

Internal Control Over Compliance

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

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

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

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

STATE BOARD OF ACCOUNTS

June 1, 2006

WEST CLARK COMMUNITY SCHOOLS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2004 and 2005

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-04	Total Federal Awards Expended 06-30-05
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553	FY 03-04	\$ 32,959	\$ -
		FY 04-05	-	49,844
National School Lunch Program	10.555	FY 03-04	252,947	-
		FY 04-05	-	295,060
Special Milk Program for Children	10.556	FY 03-04	2,368	-
		FY 04-05	-	3,347
			<u>288,274</u>	<u>348,251</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Education Agencies	84.010			
		FY 02-03	62,982	-
		FY 03-04	249,865	61,643
		FY 04-05	-	167,964
			<u>312,847</u>	<u>229,607</u>
Total for program				
Vocational Education - Basic Grants to States High Schools at Work	84.048	FY 04-05	-	1,307
Safe and Drug Free Schools and Communities	84.186			
		FY 03-04	7,000	-
		FY 04-05	-	9,934
			<u>7,000</u>	<u>9,934</u>
Total for program				
State Grants for Innovative Programs	84.298			
		FY 03-04	15,172	-
		FY 04-05	-	12,675
			<u>15,172</u>	<u>12,675</u>
Total for program				
Education Technology State Grants	84.318			
		FY 02-03	16,365	-
Reading Excellence	84.338			
		FY 01-02/02-03	413,625	128,255
Improve Teacher Quality State Grants No Child Left Behind	84.367			
		FY 03-04/04-05	135,332	104,984
			<u>900,341</u>	<u>486,762</u>
Total for federal grantor agency				
<u>U.S. DEPARTMENT OF HOMELAND SECURITY</u>				
Pass-Through Indiana Department of Homeland Security				
Public Assistance Grant	97.036			
		Project #3197	-	6,123
		Project #1520	-	16,060
			<u>-</u>	<u>22,183</u>
Total for federal grantor agency				
Total federal awards expended			<u>\$ 1,188,615</u>	<u>\$ 857,196</u>

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

WEST CLARK COMMUNITY SCHOOLS
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2004 and 2005. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2004	2005
National School Lunch Program	10.555	\$ 26,596	\$ 24,256

WEST CLARK COMMUNITY SCHOOLS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

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

Noncompliance material to financial statements noted? no

Federal Awards:

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

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

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

Identification of Major Programs:

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
84.338	Child Nutrition Cluster Reading Excellence

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

BOARD
SANDY FURNISH BANET
DOUGLAS COFFMAN
TERESA GUTHRIE
BRIAN E. HURST
CELIA WINTERS

WEST CLARK COMMUNITY SCHOOLS
601 RENZ AVENUE
SELLERSBURG, INDIANA 47172-1398
FAX 812-246-9731
TELEPHONE 812-246-3375

TERRY E. SMITH
Superintendent
R. MAC DYER
Assistant Superintendent
BUSINESS
TIM J. WEAVER
Assistant Superintendent
CURRICULUM AND INSTRUCTION

SUMMARY SCHEDULE OF AUDIT FINDINGS

Finding Number 2003-1, Title 1 Grants to Local Education Agencies – Cash Management

Original SBA Audit Report Number: B22443
Fiscal Year July 1, 2001 to June 30, 2003
Auditee Contact Person R. Mac Dyer
Title of Contact Person Corporation Treasurer
Phone Number (812) 246-3375
Status of Finding: Corrected as noted below:

Procedures have been implemented to minimize the time between the transfer of funds and disbursement. Monitoring is performed on a monthly basis with drawdown requests made as close as possible to the disbursements. The cash balance is monitored to maintain a balance as close to zero (0) as possible.

Finding Number 2003-2, Local Reading Improvement – Cash Management

Original SBA Audit Report Number: B22443
Fiscal Year July 1, 2001 to June 30, 2003
Auditee Contact Person R. Mac Dyer
Title of Contact Person Corporation Treasurer
Phone Number (812) 246-3375
Status of Finding: Corrected as noted below:

Procedures have been implemented to minimize the time between the transfer of funds and disbursement. Monitoring is performed on a monthly basis with drawdown requests made as close as possible to the disbursements. The cash balance is monitored to maintain a balance as close to zero (0) as possible.



R. Mac Dyer
Corporation Treasurer
West Clark Community School Corporation

Dated: 3-8-06

MISSION STATEMENT

We will provide and encourage, with community involvement, broad educational opportunities that prepare students to reach their full potential and to become contributing members of society in a changing world.

AN EQUAL OPPORTUNITY EMPLOYER

WEST CLARK COMMUNITY SCHOOLS
EXIT CONFERENCE

The contents of this report were discussed on June 1, 2006, with Terry E. Smith, Superintendent of Schools; and R. Mac Dyer, Treasurer. The officials concurred with our audit findings.