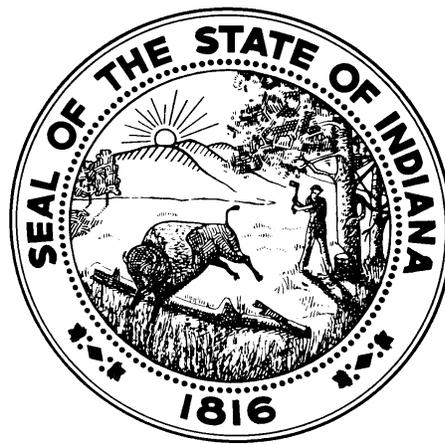


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
TURKEY RUN COMMUNITY SCHOOL CORPORATION
PARKE COUNTY, INDIANA
July 1, 2005 to June 30, 2007



FILED
02/29/2008

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Sally W. Burgess	07-01-05 to 06-30-08
Superintendent of Schools	Dr. Roberta Bowers Dr. Damon Peigh (Interim) Dr. Thomas W. Rohr	07-01-05 to 01-31-07 02-01-07 to 09-30-07 10-01-07 to 06-30-08
President of the School Board	Kevin Swaim Greg Harvey	07-01-05 to 06-30-06 07-01-06 to 06-30-08



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

TO: THE OFFICIALS OF THE TURKEY RUN COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Turkey Run Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements as listed in the Table of Contents. These financial statements are the responsibility of the School Corporation's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 2006 and 2007, 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 December 3, 2007, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. Our report on compliance and on internal control over financial reporting should be read along with this report.

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

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.

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

The Supplementary Information, as listed in the Table of Contents, was presented for additional analysis and is not a required part of the basic financial information. The Supplementary Information has not been subjected to the examination procedures applied to the basic financial information and, accordingly, we express no opinion on the Supplementary Information.

STATE BOARD OF ACCOUNTS

December 3, 2007



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

TO: THE OFFICIALS OF THE TURKEY RUN COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Turkey Run Community School Corporation (School Corporation), as of and for the years ended June 30, 2006 and 2007, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated December 3, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be significant deficiencies or material weaknesses, as defined above.

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

Compliance and Other Matters

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

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

December 3, 2007

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2006

Functions/Programs	Disbursements	Program Receipts		Totals
		Charges for Services	Operating Grants and Contributions	Net (Disbursement) Receipts and Changes in Net Assets
Governmental activities:				
Instruction	\$ 2,311,724	\$ -	\$ 31,189	\$ (2,280,535)
Support services	3,723,111	164,873	129,515	(3,428,723)
Community services	5,349	-	-	(5,349)
Nonprogrammed charges	184,147	-	-	(184,147)
Debt service	342,146	-	-	(342,146)
Total governmental activities	\$ 6,566,477	\$ 164,873	\$ 160,704	(6,240,900)
General receipts:				
Property taxes				2,338,023
Other local sources				383,918
State aid				2,662,022
Grants and contributions not restricted to specific programs				502,424
Sale of property, adjustments, and refunds				811,828
Investment earnings				68,231
Total general receipts				6,766,446
Change in net assets				525,546
Net assets - beginning				1,733,580
Net assets - ending				\$ 2,259,126
 <u>Assets</u>				
Cash and investments				\$ 2,037,074
Restricted assets:				
Cash and investments				222,052
Total assets				\$ 2,259,126
 <u>Net Assets</u>				
Restricted for:				
Debt service				\$ 222,052
Unrestricted				2,037,074
Total net assets				\$ 2,259,126

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2007

Functions/Programs	Disbursements	Program Receipts		Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Totals
Governmental activities:				
Instruction	\$ 2,212,315	\$ -	\$ 30,579	\$ (2,181,736)
Support services	3,541,928	152,690	148,336	(3,240,902)
Community services	1,254	-	-	(1,254)
Nonprogrammed charges	183,256	-	-	(183,256)
Debt service	521,282	-	-	(521,282)
Total governmental activities	\$ 6,460,035	\$ 152,690	\$ 178,915	(6,128,430)
General receipts:				
Property taxes				1,519,427
Other local sources				347,305
State aid				2,670,758
Grants and contributions not restricted to specific programs				551,248
Sale of property, adjustments, and refunds				37,754
Investment earnings				90,656
Total general receipts				5,217,148
Change in net assets				(911,282)
Net assets - beginning				2,259,126
Net assets - ending				\$ 1,347,844
<u>Assets</u>				
Cash and investments				\$ 1,233,421
Restricted assets:				
Cash and investments				114,423
Total assets				\$ 1,347,844
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 114,423
Unrestricted				1,233,421
Total net assets				\$ 1,347,844

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2006

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 1,319,461	\$ 413,549	\$ 443,881	\$ 574,660	\$ 22,074	\$ 180,715	\$ 2,954,340
Intermediate sources	404	-	-	-	-	300	704
State sources	2,681,945	-	-	-	-	71,988	2,753,933
Federal sources	-	-	-	-	-	571,218	571,218
Sale of property, adjustments and refunds	46,743	190	-	400,279	-	364,616	811,828
Total receipts	4,048,553	413,739	443,881	974,939	22,074	1,188,837	7,092,023
Disbursements:							
Current:							
Instruction	1,989,196	-	-	-	-	322,528	2,311,724
Support services	1,874,014	432,190	-	559,158	-	857,749	3,723,111
Community services	-	-	-	-	-	5,349	5,349
Nonprogrammed charges	148,818	-	-	-	-	35,329	184,147
Debt services	-	-	342,146	-	-	-	342,146
Total disbursements	4,012,028	432,190	342,146	559,158	-	1,220,955	6,566,477
Excess (deficiency) of receipts over disbursements	36,525	(18,451)	101,735	415,781	22,074	(32,118)	525,546
Other financing sources (uses):							
Transfers in	46,316	-	-	-	-	11,981	58,297
Transfers out	-	-	-	-	-	(58,297)	(58,297)
Total other financing sources (uses)	46,316	-	-	-	-	(46,316)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	82,841	(18,451)	101,735	415,781	22,074	(78,434)	525,546
Cash and investments - beginning	652,037	65,608	120,317	451,474	79,701	364,443	1,733,580
Cash and investments - ending	\$ 734,878	\$ 47,157	\$ 222,052	\$ 867,255	\$ 101,775	\$ 286,009	\$ 2,259,126
Cash and Investment Assets - Ending							
Cash and investments	\$ 734,878	\$ 47,157	\$ -	\$ 867,255	\$ 101,775	\$ 286,009	\$ 2,037,074
Restricted assets:							
Cash and investments	-	-	222,052	-	-	-	222,052
Total cash and investment assets - ending	\$ 734,878	\$ 47,157	\$ 222,052	\$ 867,255	\$ 101,775	\$ 286,009	\$ 2,259,126
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 222,052	\$ -	\$ -	\$ -	\$ 222,052
Unrestricted	734,878	47,157	-	867,255	101,775	286,009	2,037,074
Total cash and investment fund balance - ending	\$ 734,878	\$ 47,157	\$ 222,052	\$ 867,255	\$ 101,775	\$ 286,009	\$ 2,259,126

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS
GOVERNMENTAL FUNDS
For the Year Ended June 30, 2007

	General	Transportation Operating	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:							
Local sources	\$ 874,328	\$ 261,882	\$ 413,653	\$ 357,967	\$ 17,193	\$ 184,162	\$ 2,109,185
Intermediate sources	404	-	-	-	-	488	892
State sources	2,690,071	-	-	-	-	154,254	2,844,325
Federal sources	-	-	-	-	-	556,597	556,597
Sale of property, adjustments and refunds	22,267	60	-	4,532	-	10,895	37,754
Interfund loans	-	175,000	-	-	-	-	175,000
Total receipts	3,587,070	436,942	413,653	362,499	17,193	906,396	5,723,753
Disbursements:							
Current:							
Instruction	1,899,145	-	-	-	-	313,170	2,212,315
Support services	1,801,691	411,307	-	805,654	-	523,276	3,541,928
Community services	-	-	-	-	-	1,254	1,254
Nonprogrammed charges	157,936	-	-	-	-	25,320	183,256
Debt services	-	-	521,282	-	-	-	521,282
Interfund loans	-	-	-	-	100,000	75,000	175,000
Total disbursements	3,858,772	411,307	521,282	805,654	100,000	938,020	6,635,035
Excess (deficiency) of receipts over disbursements	(271,702)	25,635	(107,629)	(443,155)	(82,807)	(31,624)	(911,282)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	8,097	8,097
Transfers out	-	-	-	-	-	(8,097)	(8,097)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(271,702)	25,635	(107,629)	(443,155)	(82,807)	(31,624)	(911,282)
Cash and investments - beginning	734,878	47,157	222,052	867,255	101,775	286,009	2,259,126
Cash and investments - ending	\$ 463,176	\$ 72,792	\$ 114,423	\$ 424,100	\$ 18,968	\$ 254,385	\$ 1,347,844
Cash and Investment Assets - Ending							
Cash and investments	\$ 463,176	\$ 72,792	\$ -	\$ 424,100	\$ 18,968	\$ 254,385	\$ 1,233,421
Restricted assets:							
Cash and investments	-	-	114,423	-	-	-	114,423
Total cash and investment assets - ending	\$ 463,176	\$ 72,792	\$ 114,423	\$ 424,100	\$ 18,968	\$ 254,385	\$ 1,347,844
Cash and Investment Fund Balance - Ending							
Restricted for:							
Debt service	\$ -	\$ -	\$ 114,423	\$ -	\$ -	\$ -	\$ 114,423
Unrestricted	463,176	72,792	-	424,100	18,968	254,385	1,233,421
Total cash and investment fund balance - ending	\$ 463,176	\$ 72,792	\$ 114,423	\$ 424,100	\$ 18,968	\$ 254,385	\$ 1,347,844

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2006

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 40,719	
Deductions:		
Administrative and general	107,725	
Deficiency of total additions over total deductions	(67,006)	
Cash and investment fund balance - beginning	81,070	
Cash and investment fund balance - ending	\$ 14,064	
Net Assets:		
Cash and investments	\$ 14,064	\$ 1,682

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2007

	Private-Purpose Trust Funds	Agency Funds
Additions:		
Contributions:		
Other	\$ 16,364	
Deductions:		
Administrative and general	17,328	
Deficiency of total additions over total deductions	(964)	
Cash and investment fund balance - beginning	14,064	
Cash and investment fund balance - ending	\$ 13,100	
Net Assets:		
Cash and investments	\$ 13,100	\$ 1,400

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government

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

Joint Venture

The School Corporation is a participant with North Vermillion Community School Corporation, Rockville Community School Corporation, South Vermillion Community School Corporation, Southwest Parke Community School Corporation, and Indiana Vocational Technical College (Region 7) in a joint venture to operate the Parke-Vermillion Education and Training Interlocal which was created to provide and promote vocational/technical education. The School Corporation is obligated by contract to remit variable payments semiannually to supplement the Parke-Vermillion Education and Training Interlocal. The payment amounts are based on the number of students in the program for a given year. Complete financial statements for the Parke-Vermillion Education and Training Interlocal can be obtained from the joint venture's administrative office at 3636 East Highway 36, P. O. Box 95, Hillsdale, Indiana.

The School Corporation is a participant with Attica Consolidated School Corporation, Covington Consolidated School Corporation, Crawfordsville Community School Corporation, Metropolitan School District of Warren County, North Montgomery Community School Corporation, North Vermillion Community School Corporation, South Montgomery Community School Corporation, and Southeast Fountain School Corporation in a joint venture to operate the West Central Indiana Special Services Cooperative, which was created to provide programs and services for children with disabilities. The School Corporation is obligated by contract to remit payments annually to supplement the West Central Indiana Special Services Cooperative. Complete financial statements for the West Central Indiana Special Services Cooperative can be obtained from the Crawfordsville Community School Corporation, 1000 Fairview Avenue, Crawfordsville, Indiana.

B. Government-Wide and Fund Financial Statements

Government-Wide Financial Statements

The Statement of Activities and Net Assets - Cash and Investment Basis displays information about the reporting government as a whole. It includes all funds of the reporting entity except for fiduciary funds. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange revenues.

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fund Financial Statements

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

The School Corporation reports the following major governmental funds:

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

The 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; the purchase, lease, upgrade, maintenance, or repair of computer equipment.

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

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

Additionally, the School Corporation reports the following fund types:

The private-purpose trust fund reports a trust arrangement under which principal and income benefit the students of the School Corporation.

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

C. Measurement Focus and Basis of Accounting

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

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

Normally property taxes levied are collected by the County Treasurer and are distributed to the School Corporation in June and in December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. 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 may become delinquent if not paid by May 10 and November 10, respectively. All property taxes collected by the County Treasurer and available for distribution were distributed to the School Corporation on or prior to June 30 of the year collected.

3. Compensated Absences

a. Sick Leave

Employees earn sick leave at the rate of 10 days per year. Unused sick leave may be accumulated indefinitely. Accumulated sick leave is paid to certified personnel through cash payments upon retirement at the rate of \$45 per day. Noncertified personnel earn sick leave at the rate of 7 to 10 days per year. Unused sick leave is paid to noncertified personnel through cash payments upon retirement at the rate of \$25 per day.

b. Vacation Leave

Nonteaching or administrative and noncertified School Corporation employees earn vacation leave at rates from 10 days per year. Vacation leave does not accumulate from year to year.

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

c. Personal Leave

School Corporation employees earn personal leave at the rate of 2 days per year. Personal leave does not accumulate from year to year.

4. Capital Assets

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

5. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental and proprietary funds is not reported as liabilities in the basic financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

6. Equity Classification

Government-Wide Statements

Equity is classified as net assets and displayed in two components:

a. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation.

b. Unrestricted net assets – All other net assets that do not meet the definition of "restricted."

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

Fund Financial Statements

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

E. Receipts and Disbursements

1. Program Receipts

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

2. Operating Receipts and Disbursements

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

F. Internal and Interfund Balances and Activities

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

Fund Financial Statements

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

Government-Wide Financial Statements

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

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

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. All annual appropriations lapse at calendar year end.

Prior to the first required publication, the fiscal officer of the School Corporation submits to the governing board a proposed operating budget for the year commencing the following July 1. Prior to adoption, the budget is advertised and public hearings are conducted by the governing board to obtain taxpayer comments. In September of each year, the governing board, through the passage of

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

a resolution/ordinance, approves the budget for the next year. Copies of the budget resolution/ ordinance and the advertisement for funds for which property taxes are levied or highway use taxes are received are sent to the Indiana Department of Local Government Finance. The budget becomes legally enacted after the fiscal officer of the School Corporation receives approval of the Indiana Department of Local Government Finance.

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

III. Detailed Notes on All Funds

A. Deposits

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. Indiana Code 5-13-8-1 allows a political subdivision of the State of Indiana to deposit public funds in a financial institution only if the financial institution is a depository eligible to receive state funds and has a principal office or branch that qualifies to receive public funds of the political subdivision. At June 30, 2007, the bank balances were insured by the Federal Deposit Insurance Corporation or the Public Deposit Insurance Fund, which covers all public funds held in approved depositories.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2006 and 2007, were as follows:

<u>Transfer From</u>	<u>Transfer To</u>	<u>2005-2006</u>	<u>2006-2007</u>
Other governmental	General Fund	\$ 46,316	\$ -
Other governmental	Other governmental	11,981	8,097

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

IV. Other Information

A. Risk Management

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Medical Benefits to Employees, Retirees, and Dependents

During 1992, the School Corporation joined with other governmental entities to form the WV/WCI School Trust, a public entity risk pool currently operating as a common risk management and insurance program for seventeen member governmental entities. The purpose of the risk pool is to provide a medium for the funding and administration of health insurance and benefits to employees, retirees, and dependents. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$5,000,000 per member for their lifetime. The risk pool obtains independent coverage for insured events in excess of the \$5,000,000 limit.

B. Holding Corporation

The School Corporation has entered into capital leases with the Turkey Run 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. Lease payments during the school years 2005-2006 and 2006-2007 totaled \$328,167 and \$558,008, respectively.

C. Pension Plans

1. Agent Multiple-Employer and Single-Employer Defined Benefit Pension Plans

Public Employees' Retirement Fund

Plan Description

The School Corporation contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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:

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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

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	\$ 22,856
Interest on net pension obligation	(3,588)
Adjustment to annual required contribution	4,089
Annual pension cost	23,357
Contributions made	21,489
Increase in net pension obligation	1,868
Net pension obligation, beginning of year	(49,494)
Net pension obligation, end of year	\$ (47,626)
Contribution rates:	
School Corporation	4.5%
Plan members	3%
Actuarial valuation date	07-01-06
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	75% of expected actuarial value plus 25% of market value

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

<u>Actuarial Assumptions</u>	<u>PERF</u>
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

<u>Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
PERF 06-30-04	\$ 14,495	153%	\$ (50,867)
06-30-05	21,917	94%	(49,494)
06-30-06	23,357	92%	(47,626)

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2005, 2006, and 2007, were \$81,392, \$77,791 and \$75,550, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years.

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 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 AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-04	\$ 443,094	\$ 401,622	\$ 41,472	110%	\$ 468,192	9%
07-01-05	459,249	455,617	3,632	101%	419,734	1%
07-01-06	424,960	401,029	23,931	106%	490,002	5%

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	License Plate Fee	School Safe Haven	Interactive Media Grant
Receipts:							
Local sources	\$ 3,708	\$ 123,081	\$ 42,184	\$ -	\$ -	\$ -	\$ 3,000
Intermediate sources	-	-	-	-	300	-	-
State sources	22,957	2,402	7,942	-	-	1,332	-
Federal sources	8,257	119,171	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	3,937	-	-	-	-
Total receipts	34,922	244,654	54,063	-	300	1,332	3,000
Disbursements:							
Current:							
Instruction	17,167	-	-	-	-	-	-
Support services	955	252,975	67,179	-	-	3,165	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	18,122	252,975	67,179	-	-	3,165	-
Excess (deficiency) of receipts over disbursements	16,800	(8,321)	(13,116)	-	300	(1,833)	3,000
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	(46,316)	-	-	-
Total other financing sources (uses)	-	-	-	(46,316)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	16,800	(8,321)	(13,116)	(46,316)	300	(1,833)	3,000
Cash and investments - beginning	70,258	86,950	19,239	46,316	1,781	1,833	-
Cash and investments - ending	<u>\$ 87,058</u>	<u>\$ 78,629</u>	<u>\$ 6,123</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Cash and Investment Assets - Ending							
Cash and investments	<u>\$ 87,058</u>	<u>\$ 78,629</u>	<u>\$ 6,123</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ -</u>	<u>\$ 3,000</u>
Cash and Investment Fund Balance - Ending							
Unrestricted	<u>\$ 87,058</u>	<u>\$ 78,629</u>	<u>\$ 6,123</u>	<u>\$ -</u>	<u>\$ 2,081</u>	<u>\$ -</u>	<u>\$ 3,000</u>

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Defibrillator Grant	Art Equipment Grant	Tennis Association Grant	Drug Prevention	Gifted and Talented	Drug Free Community	School Technology
Receipts:							
Local sources	\$ 1,000	\$ 2,740	\$ 125	\$ 4,877	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	11,267	-	26,088
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	20
Total receipts	1,000	2,740	125	4,877	11,267	-	26,108
Disbursements:							
Current:							
Instruction	-	-	-	-	8,453	-	-
Support services	1,000	-	-	-	150	1,469	23,096
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,000	-	-	-	8,603	1,469	23,096
Excess (deficiency) of receipts over disbursements	-	2,740	125	4,877	2,664	(1,469)	3,012
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	2,740	125	4,877	2,664	(1,469)	3,012
Cash and investments - beginning	-	-	-	-	-	2,224	21,613
Cash and investments - ending	\$ -	\$ 2,740	\$ 125	\$ 4,877	\$ 2,664	\$ 755	\$ 24,625
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 2,740	\$ 125	\$ 4,877	\$ 2,664	\$ 755	\$ 24,625
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 2,740	\$ 125	\$ 4,877	\$ 2,664	\$ 755	\$ 24,625

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Team Nutrition	Vision Athena Grant	Indiana Criminal Justice	Title I 2004-2005	Title I 2005-2006	Title V 2003-2004	Title V 2004-2005
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	195,675	-	-
Sale of property, adjustments and refunds	-	-	-	659	-	-	-
Total receipts	-	-	-	659	195,675	-	-
Disbursements:							
Current:							
Instruction	913	-	-	41,159	117,114	-	-
Support services	-	-	26	16,139	43,518	299	1,434
Community services	-	-	-	-	5,349	-	-
Nonprogrammed charges	196	-	-	2,651	-	156	-
Total disbursements	1,109	-	26	59,949	165,981	455	1,434
Excess (deficiency) of receipts over disbursements	(1,109)	-	(26)	(59,290)	29,694	(455)	(1,434)
Other financing sources (uses):							
Transfers in	-	-	-	-	11,981	-	-
Transfers out	-	-	-	(11,981)	-	-	-
Total other financing sources (uses)	-	-	-	(11,981)	11,981	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,109)	-	(26)	(71,271)	41,675	(455)	(1,434)
Cash and investments - beginning	1,109	2,132	768	71,271	-	455	1,895
Cash and investments - ending	\$ -	\$ 2,132	\$ 742	\$ -	\$ 41,675	\$ -	\$ 461
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ 2,132	\$ 742	\$ -	\$ 41,675	\$ -	\$ 461
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ 2,132	\$ 742	\$ -	\$ 41,675	\$ -	\$ 461

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Title V 2005-2006	Special Education	Sliver Special Education	Drug Free 2004-2005	Drug Free 2005-2006	Medicaid Reimbursement
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	-	-	-	-	-	-
Federal sources	2,300	149,026	2,206	-	2,930	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Total receipts	2,300	149,026	2,206	-	2,930	-
Disbursements:						
Current:						
Instruction	-	115,539	-	1,676	2,131	-
Support services	525	25,622	-	-	-	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	21,250	1,751	249	-	-
Total disbursements	525	162,411	1,751	1,925	2,131	-
Excess (deficiency) of receipts over disbursements	1,775	(13,385)	455	(1,925)	799	-
Other financing sources (uses):						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,775	(13,385)	455	(1,925)	799	-
Cash and investments - beginning	-	20,126	(301)	1,925	-	125
Cash and investments - ending	<u>\$ 1,775</u>	<u>\$ 6,741</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 799</u>	<u>\$ 125</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 1,775</u>	<u>\$ 6,741</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 799</u>	<u>\$ 125</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 1,775</u>	<u>\$ 6,741</u>	<u>\$ 154</u>	<u>\$ -</u>	<u>\$ 799</u>	<u>\$ 125</u>

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2006
 (Continued)

	Team Nutrition Grant	Improving Teacher Quality	Enhancing Education Thru Technology	Emergency Response	Construction	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,715
Intermediate sources	-	-	-	-	-	300
State sources	-	-	-	-	-	71,988
Federal sources	500	30,560	5,239	55,354	-	571,218
Sale of property, adjustments and refunds	-	-	-	-	360,000	364,616
Total receipts	500	30,560	5,239	55,354	360,000	1,188,837
Disbursements:						
Current:						
Instruction	500	17,876	-	-	-	322,528
Support services	-	17,231	3,970	39,328	359,668	857,749
Community services	-	-	-	-	-	5,349
Nonprogrammed charges	-	-	-	9,076	-	35,329
Total disbursements	500	35,107	3,970	48,404	359,668	1,220,955
Excess (deficiency) of receipts over disbursements	-	(4,547)	1,269	6,950	332	(32,118)
Other financing sources (uses):						
Transfers in	-	-	-	-	-	11,981
Transfers out	-	-	-	-	-	(58,297)
Total other financing sources (uses)	-	-	-	-	-	(46,316)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(4,547)	1,269	6,950	332	(78,434)
Cash and investments - beginning	-	14,724	-	-	-	364,443
Cash and investments - ending	<u>\$ -</u>	<u>\$ 10,177</u>	<u>\$ 1,269</u>	<u>\$ 6,950</u>	<u>\$ 332</u>	<u>\$ 286,009</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ -</u>	<u>\$ 10,177</u>	<u>\$ 1,269</u>	<u>\$ 6,950</u>	<u>\$ 332</u>	<u>\$ 286,009</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ -</u>	<u>\$ 10,177</u>	<u>\$ 1,269</u>	<u>\$ 6,950</u>	<u>\$ 332</u>	<u>\$ 286,009</u>

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	License Plate Fee	Interactive Media Grant	Art Equipment Grant
Receipts:							
Local sources	\$ 2,190	\$ 109,855	\$ 43,338	\$ 18,104	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	488	-	-
State sources	28,421	2,464	10,869	-	-	-	-
Federal sources	10,629	135,003	-	-	-	-	-
Sale of property, adjustments and refunds	-	3,113	5,782	-	-	-	-
Total receipts	41,240	250,435	59,989	18,104	488	-	-
Disbursements:							
Current:							
Instruction	16,772	-	-	-	-	-	2,740
Support services	1,100	253,494	63,728	-	-	3,000	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	5,348	-	-	-	-	-	-
Interfund loans	75,000	-	-	-	-	-	-
Total disbursements	98,220	253,494	63,728	-	-	3,000	2,740
Excess (deficiency) of receipts over disbursements	(56,980)	(3,059)	(3,739)	18,104	488	(3,000)	(2,740)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(56,980)	(3,059)	(3,739)	18,104	488	(3,000)	(2,740)
Cash and investments - beginning	87,058	78,629	6,123	-	2,081	3,000	2,740
Cash and investments - ending	\$ 30,078	\$ 75,570	\$ 2,384	\$ 18,104	\$ 2,569	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 30,078	\$ 75,570	\$ 2,384	\$ 18,104	\$ 2,569	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 30,078	\$ 75,570	\$ 2,384	\$ 18,104	\$ 2,569	\$ -	\$ -

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Tennis Association Grant	Drug Prevention	REMC Grant	Aimone Business Grant	Premier Boxboard	Gifted and Talented	Drug Free Community
Receipts:							
Local sources	\$ 375	\$ 2,605	\$ 1,695	\$ 5,000	\$ 1,000	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	11,267	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	375	2,605	1,695	5,000	1,000	11,267	-
Disbursements:							
Current:							
Instruction	407	-	1,695	-	-	13,661	-
Support services	-	313	-	-	-	270	755
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	407	313	1,695	-	-	13,931	755
Excess (deficiency) of receipts over disbursements	(32)	2,292	-	5,000	1,000	(2,664)	(755)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(32)	2,292	-	5,000	1,000	(2,664)	(755)
Cash and investments - beginning	125	4,877	-	-	-	2,664	755
Cash and investments - ending	\$ 93	\$ 7,169	\$ -	\$ 5,000	\$ 1,000	\$ -	\$ -
Cash and Investment Assets - Ending							
Cash and investments	\$ 93	\$ 7,169	\$ -	\$ 5,000	\$ 1,000	\$ -	\$ -
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 93	\$ 7,169	\$ -	\$ 5,000	\$ 1,000	\$ -	\$ -

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	School Technology	Camp Moodle	Indiana Access Grant	Vision Athena Grant	Indiana Criminal Justice	Title I 2005-2006	Title I 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	23,655	3,300	74,278	-	-	-	-
Federal sources	-	-	-	-	-	-	189,938
Sale of property, adjustments and refunds	2,000	-	-	-	-	-	-
Total receipts	25,655	3,300	74,278	-	-	-	189,938
Disbursements:							
Current:							
Instruction	-	-	-	-	-	22,459	118,879
Support services	34,349	-	74,238	232	164	8,680	30,035
Community services	-	-	-	-	-	74	1,180
Nonprogrammed charges	-	-	-	-	-	2,365	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	34,349	-	74,238	232	164	33,578	150,094
Excess (deficiency) of receipts over disbursements	(8,694)	3,300	40	(232)	(164)	(33,578)	39,844
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	8,097
Transfers out	-	-	-	-	-	(8,097)	-
Total other financing sources (uses)	-	-	-	-	-	(8,097)	8,097
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,694)	3,300	40	(232)	(164)	(41,675)	47,941
Cash and investments - beginning	24,625	-	-	2,132	742	41,675	-
Cash and investments - ending	\$ 15,931	\$ 3,300	\$ 40	\$ 1,900	\$ 578	\$ -	\$ 47,941
Cash and Investment Assets - Ending							
Cash and investments	\$ 15,931	\$ 3,300	\$ 40	\$ 1,900	\$ 578	\$ -	\$ 47,941
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 15,931	\$ 3,300	\$ 40	\$ 1,900	\$ 578	\$ -	\$ 47,941

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Title V 2004-2005	Title V 2005-2006	Title V 2006-2007	Special Education	Sliver Special Education	Drug Free 2005-2006	Drug Free 2006-2007
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	1,085	169,347	-	2,930	4,269
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Total receipts	-	-	1,085	169,347	-	2,930	4,269
Disbursements:							
Current:							
Instruction	-	-	-	115,374	-	1,695	1,921
Support services	184	1,660	971	28,171	-	-	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	277	115	-	12,965	155	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	461	1,775	971	156,510	155	1,695	1,921
Excess (deficiency) of receipts over disbursements	(461)	(1,775)	114	12,837	(155)	1,235	2,348
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(461)	(1,775)	114	12,837	(155)	1,235	2,348
Cash and investments - beginning	461	1,775	-	6,741	154	799	-
Cash and investments - ending	\$ -	\$ -	\$ 114	\$ 19,578	\$ (1)	\$ 2,034	\$ 2,348
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 114	\$ 19,578	\$ (1)	\$ 2,034	\$ 2,348
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ 114	\$ 19,578	\$ (1)	\$ 2,034	\$ 2,348

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS -
 OTHER GOVERNMENTAL FUNDS
 For the Year Ended June 30, 2007
 (Continued)

	Medicaid Reimbursement	Wellness Grant	Improving Teacher Quality	Enhancing Education Thru Technology	Emergency Response	Construction	Totals
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 184,162
Intermediate sources	-	-	-	-	-	-	488
State sources	-	-	-	-	-	-	154,254
Federal sources	-	130	39,253	4,013	-	-	556,597
Sale of property, adjustments and refunds	-	-	-	-	-	-	10,895
Total receipts	-	130	39,253	4,013	-	-	906,396
Disbursements:							
Current:							
Instruction	-	-	17,567	-	-	-	313,170
Support services	-	-	12,964	1,686	6,950	332	523,276
Community services	-	-	-	-	-	-	1,254
Nonprogrammed charges	-	-	3,781	314	-	-	25,320
Interfund loans	-	-	-	-	-	-	75,000
Total disbursements	-	-	34,312	2,000	6,950	332	938,020
Excess (deficiency) of receipts over disbursements	-	130	4,941	2,013	(6,950)	(332)	(31,624)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	8,097
Transfers out	-	-	-	-	-	-	(8,097)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	130	4,941	2,013	(6,950)	(332)	(31,624)
Cash and investments - beginning	125	-	10,177	1,269	6,950	332	286,009
Cash and investments - ending	\$ 125	\$ 130	\$ 15,118	\$ 3,282	\$ -	\$ -	\$ 254,385
Cash and Investment Assets - Ending							
Cash and investments	\$ 125	\$ 130	\$ 15,118	\$ 3,282	\$ -	\$ -	\$ 254,385
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 125	\$ 130	\$ 15,118	\$ 3,282	\$ -	\$ -	\$ 254,385

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2006

	East Asian Grant	Athletic Complex	Project Aspire	Parke County Community Foundation	Athletic Banner	Attendance Incentive	Totals
Additions:							
Contributions:							
Other	\$ 300	\$ 34,690	\$ 1,000	\$ 4,000	\$ 229	\$ 500	\$ 40,719
Deductions:							
Administrative and general	-	100,581	2,000	2,744	2,100	300	107,725
Excess (deficiency) of total additions over total deductions	300	(65,891)	(1,000)	1,256	(1,871)	200	(67,006)
Cash and investment fund balance - beginning	-	76,429	1,000	776	2,865	-	81,070
Cash and Investments - June 30	<u>\$ 300</u>	<u>\$ 10,538</u>	<u>\$ -</u>	<u>\$ 2,032</u>	<u>\$ 994</u>	<u>\$ 200</u>	<u>\$ 14,064</u>
Net Assets:							
Cash and investments	<u>\$ 300</u>	<u>\$ 10,538</u>	<u>\$ -</u>	<u>\$ 2,032</u>	<u>\$ 994</u>	<u>\$ 200</u>	<u>\$ 14,064</u>

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2007

	East Asian Grant	Athletic Complex	Parke County Community Foundation	Athletic Banner	Attendance Incentive	Totals
Additions:						
Contributions:						
Other	\$ -	\$ 12,167	\$ 4,197	\$ -	\$ -	\$ 16,364
Deductions:						
Administrative and general	-	13,659	3,309	360	-	17,328
Excess (deficiency) of total additions over total deductions	-	(1,492)	888	(360)	-	(964)
Cash and investment fund balance - beginning	300	10,538	2,032	994	200	14,064
Cash and Investments - June 30	<u>\$ 300</u>	<u>\$ 9,046</u>	<u>\$ 2,920</u>	<u>\$ 634</u>	<u>\$ 200</u>	<u>\$ 13,100</u>
Net Assets:						
Cash and investments	<u>\$ 300</u>	<u>\$ 9,046</u>	<u>\$ 2,920</u>	<u>\$ 634</u>	<u>\$ 200</u>	<u>\$ 13,100</u>

TURKEY RUN COMMUNITY SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT
 June 30, 2007

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
2005 School Building Renovation Project	\$ 4,810,000	\$ 193,673
1993 School Building Renovation Project	1,055,000	178,738
Notes and loans payable	<u>211,000</u>	<u>92,405</u>
Total governmental activities debt	<u>\$ 6,076,000</u>	<u>\$ 464,816</u>

SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA

AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

TO: THE OFFICIALS OF THE TURKEY RUN COMMUNITY
SCHOOL CORPORATION, PARKE COUNTY, INDIANA

Compliance

We have audited the compliance of the Turkey Run Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 2006 and 2007. 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, 2006 and 2007.

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

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)

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

A control deficiency in a School Corporation's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be significant deficiencies or material weaknesses, as defined above.

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

December 3, 2007

TURKEY RUN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007

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 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program				
	10.553			
		FY 05-06	\$ 33,260	\$ -
		FY 06-07	-	36,346
			<u>33,260</u>	<u>36,346</u>
Total for program				
			<u>33,260</u>	<u>36,346</u>
National School Lunch Program				
	10.555			
		FY 05-06	87,302	-
		FY 06-07	-	105,159
			<u>87,302</u>	<u>105,159</u>
Total for program				
			<u>87,302</u>	<u>105,159</u>
Total for cluster				
			<u>120,562</u>	<u>141,505</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Crawfordsville Community School Corporation				
Special Education Cluster				
Special Education Grants to States				
	84.027A			
		14206-62-PN01	164,161	-
		14207-62-PN01	-	156,665
			<u>164,161</u>	<u>156,665</u>
Total for program				
			<u>164,161</u>	<u>156,665</u>
Special Education Preschool				
	84.173			
		45706-62-PN01	8,257	-
		45707-62-PN01	-	10,629
			<u>8,257</u>	<u>10,629</u>
Total for program				
			<u>8,257</u>	<u>10,629</u>
Total for cluster				
			<u>172,418</u>	<u>167,294</u>
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		05-6310	59,950	-
		06-6310	165,982	33,577
		07-6310	-	150,094
			<u>225,932</u>	<u>183,671</u>
Total for program				
			<u>225,932</u>	<u>183,671</u>
Pass-Through Indiana Department of Education				
Enhancing Education Through Technology				
	84.138			
		FY 05-06	3,970	-
		FY 06-07	-	2,000
			<u>3,970</u>	<u>2,000</u>
Total for program				
			<u>3,970</u>	<u>2,000</u>

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2006 and 2007
(Continued)

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 06-30-06	Total Federal Awards Expended 06-30-07
<u>U.S. DEPARTMENT OF EDUCATION (continued)</u>				
Pass-Through Indiana Department of Education Emergency Response Plans for School Safety Initiative	84.184E			
		FY 05-06	48,404	-
		FY 06-07	-	6,950
Total for program			<u>48,404</u>	<u>6,950</u>
Pass-Through Indiana Department of Education Title IV-Safe and Drug Free Schools and Communities	84.186			
		SY 04-05	1,925	-
		SY 05-06	2,131	1,695
		SY 06-07	-	1,921
Total for program			<u>4,056</u>	<u>3,616</u>
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298			
		03-278	455	-
		04-282	1,434	461
		05-286	525	1,775
		06-6310	-	971
Total for program			<u>2,414</u>	<u>3,207</u>
Pass-Through Indiana Department of Education Title II Improving Teacher Quality State Grants	84.367			
		05-127	35,107	-
		06-6310	-	34,312
Total for program			<u>35,107</u>	<u>34,312</u>
Total for federal grantor agency			<u>492,301</u>	<u>401,050</u>
Total federal awards expended			<u>\$ 612,863</u>	<u>\$ 542,555</u>

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

TURKEY RUN COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the 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, 2006 and 2007. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006	2007
National School Lunch Program	10.555	\$ 6,197	\$ 10,687
School Breakfast Program	10.553	2,184	3,444

TURKEY RUN COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

Noncompliance material to financial statements noted? no

Federal Awards:

Internal control over major programs:

Material weaknesses identified?	no
Reportable conditions identified that are not considered to be material weaknesses?	none reported

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

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Title 1 Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee? yes

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TURKEY RUN COMMUNITY SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TURKEY RUN COMMUNITY SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on December 3, 2007, with Dr. Thomas W. Rohr, Superintendent of Schools; Sally W. Burgess, Treasurer; and Greg Harvey, President of the School Board. Our audit disclosed no material items that warrant comment at this time.