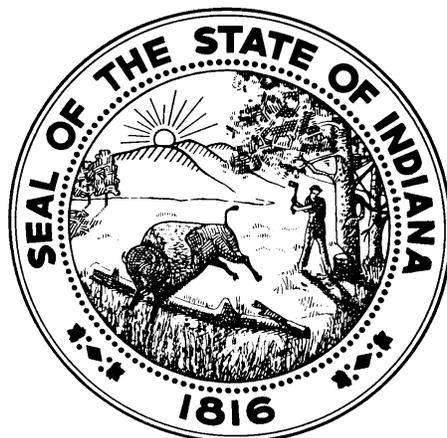


STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

AUDIT REPORT
OF
TWIN LAKES SCHOOL CORPORATION
WHITE COUNTY, INDIANA
July 1, 2006 to June 30, 2008



FILED
02/25/2009

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Margie L. Reynolds	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Thomas Fletcher	07-01-06 to 06-30-09
President of the School Board	Mark D. Mills John Roscka	07-01-06 to 06-30-08 07-01-08 to 06-30-09



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

TO: THE OFFICIALS OF THE TWIN LAKES SCHOOL CORPORATION, WHITE COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Lakes School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, 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 pre-scribed 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, 2007 and 2008, 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 January 22, 2009, on our consideration of the School Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The 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 Schedules of Funding Progress, as listed in the Table of Contents, are not required parts of the basic financial statements but are 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School Corporation's basic financial statements. The Combining Schedules, as listed in the Table of Contents, Schedule of Capital Assets, and Schedule of Long-Term Debt are presented for additional analysis and are not required parts of the basic financial statements. The Combining Schedules, as listed in the Table of Contents, have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The Schedule of Capital Assets and Schedule of Long-Term Debt have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

January 22, 2009



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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 TWIN LAKES SCHOOL CORPORATION, WHITE COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Twin Lakes School Corporation (School Corporation), as of and for the years ended June 30, 2007 and 2008, which collectively comprise the School Corporation's basic financial statements and have issued our report thereon dated January 22, 2009. 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

January 22, 2009

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

<u>Functions/Programs</u>	<u>Disbursements</u>	<u>Program Receipts</u>		<u>Totals</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
Governmental activities:				
Instruction	\$ 10,397,779	\$ -	\$ 186,212	\$ (10,211,567)
Support services	8,402,618	566,254	440,334	(7,396,030)
Community services	232,825	-	-	(232,825)
Nonprogrammed charges	1,056,894	-	-	(1,056,894)
Debt service	<u>3,425,382</u>	<u>-</u>	<u>-</u>	<u>(3,425,382)</u>
Total Government	<u>\$ 23,515,498</u>	<u>\$ 566,254</u>	<u>\$ 626,546</u>	<u>(22,322,698)</u>
General receipts:				
Property taxes				7,589,647
Other local sources				2,133,731
State aid				8,144,909
Bonds and loans				-
Grants and contributions not restricted to specific programs				998,527
Sale of property, adjustments, and refunds				1,075
Investment earnings				<u>538,835</u>
Total general receipts, interfund loans, transfers, and special items				<u>19,406,724</u>
Change in net assets				(2,915,974)
Net assets - beginning				<u>8,814,700</u>
Net assets - ending				<u>\$ 5,898,726</u>
<u>Assets</u>				
Cash and investments				\$ 5,579,190
Restricted assets:				
Cash and investments				<u>319,536</u>
Total assets				<u>\$ 5,898,726</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 319,536
Unrestricted				<u>5,579,190</u>
Total net assets				<u>\$ 5,898,726</u>

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

TWIN LAKES SCHOOL CORPORATION
STATEMENT OF ACTIVITIES AND NET ASSETS - CASH AND INVESTMENT BASIS
For the Year Ended June 30, 2008

<u>Functions/Programs</u>	<u>Disbursements</u>	Program Receipts		<u>Totals</u>	Net (Disbursement) Receipts and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions		
Governmental activities:					
Instruction	\$ 11,071,293	\$ -	\$ 300,235	\$ (10,771,058)	
Support services	10,081,670	577,230	610,888	(8,893,552)	
Community services	250,691	-	-	(250,691)	
Nonprogrammed charges	1,562,164	-	-	(1,562,164)	
Debt service	3,496,184	-	-	(3,496,184)	
Total Government	<u>\$ 26,462,002</u>	<u>\$ 577,230</u>	<u>\$ 911,123</u>	<u>(24,973,649)</u>	
General receipts:					
Property taxes				11,046,484	
Other local sources				2,020,193	
State aid				7,604,432	
Bonds and loans				-	
Grants and contributions not restricted to specific programs				1,240,884	
Sale of property, adjustments, and refunds				17,588	
Investment earnings				249,468	
Total general receipts, interfund loans, transfers, and special items				<u>22,179,049</u>	
Change in net assets				(2,794,600)	
Net assets - beginning				<u>5,898,726</u>	
Net assets - ending				<u>\$ 3,104,126</u>	
Assets					
Cash and investments				<u>\$ 3,104,126</u>	
Net Assets					
Restricted for:					
Unrestricted				<u>\$ 3,104,126</u>	
Total net assets				<u>\$ 3,104,126</u>	

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

TWIN LAKES 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	Rainy Day	Area 10 Vocational Coop	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 5,188,074	\$ 797,139	\$ -	\$ 259,633	\$ 1,905,824	\$ 1,392,492	\$ 236,214	\$ 1,048,502	\$ 10,827,878
Intermediate sources	589	-	-	-	-	-	-	-	589
State sources	8,312,180	-	-	-	-	-	-	257,272	8,569,452
Federal sources	-	-	-	-	-	-	-	1,200,530	1,200,530
Sale of property, adjustments and refunds	98	-	-	78	-	92	100	707	1,075
Interfund loans	-	-	-	-	-	-	-	84,000	84,000
Total receipts	13,500,941	797,139	-	259,711	1,905,824	1,392,584	236,314	2,591,011	20,683,524
Disbursements:									
Current:									
Instruction	9,271,119	-	-	162,044	-	-	-	964,616	10,397,779
Support services	4,067,286	1,071,521	-	51,770	-	1,821,555	70,818	1,319,668	8,402,618
Community services	224,354	-	-	-	-	-	-	8,471	232,825
Nonprogrammed charges	990,099	-	-	12,488	-	-	-	54,307	1,056,894
Debt services	-	-	-	-	2,891,371	-	-	534,011	3,425,382
Interfund loans	-	-	-	-	84,000	-	-	-	84,000
Total disbursements	14,552,858	1,071,521	-	226,302	2,975,371	1,821,555	70,818	2,881,073	23,599,498
Excess (deficiency) of receipts over disbursements	(1,051,917)	(274,382)	-	33,409	(1,069,547)	(428,971)	165,496	(290,062)	(2,915,974)
Other financing sources (uses):									
Transfers in	-	19,847	100,000	-	-	-	-	12,357	132,204
Transfers out	-	-	-	-	(19,847)	(100,000)	-	(12,357)	(132,204)
Total other financing sources (uses)	-	19,847	100,000	-	(19,847)	(100,000)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,051,917)	(254,535)	100,000	33,409	(1,089,394)	(528,971)	165,496	(290,062)	(2,915,974)
Cash and investments - beginning	3,273,893	774,118	400,000	169,949	1,408,148	2,085,396	(85,403)	788,599	8,814,700
Cash and investments - ending	<u>\$ 2,221,976</u>	<u>\$ 519,583</u>	<u>\$ 500,000</u>	<u>\$ 203,358</u>	<u>\$ 318,754</u>	<u>\$ 1,556,425</u>	<u>\$ 80,093</u>	<u>\$ 498,537</u>	<u>\$ 5,898,726</u>
Cash and Investment Assets - Ending									
Cash and investments	\$ 2,221,976	\$ 519,583	\$ 500,000	\$ 203,358	\$ -	\$ 1,556,425	\$ 80,093	\$ 497,755	\$ 5,579,190
Restricted assets:									
Cash and investments	-	-	-	-	318,754	-	-	782	319,536
Total cash and investment assets - ending	<u>\$ 2,221,976</u>	<u>\$ 519,583</u>	<u>\$ 500,000</u>	<u>\$ 203,358</u>	<u>\$ 318,754</u>	<u>\$ 1,556,425</u>	<u>\$ 80,093</u>	<u>\$ 498,537</u>	<u>\$ 5,898,726</u>
Cash and Investment Fund Balance - Ending									
Restricted for:									
Debt service	\$ -	\$ -	\$ -	\$ -	\$ 318,754	\$ -	\$ -	\$ 782	\$ 319,536
Unrestricted	2,221,976	519,583	500,000	203,358	-	1,556,425	80,093	497,755	5,579,190
Total cash and investment fund balance - ending	<u>\$ 2,221,976</u>	<u>\$ 519,583</u>	<u>\$ 500,000</u>	<u>\$ 203,358</u>	<u>\$ 318,754</u>	<u>\$ 1,556,425</u>	<u>\$ 80,093</u>	<u>\$ 498,537</u>	<u>\$ 5,898,726</u>

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

TWIN LAKES 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, 2008

	General	Transportation Operating	Local Rainy Day	Area 10 Vocational Coop	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
Receipts:									
Local sources	\$ 6,632,074	\$ 1,135,630	\$ -	\$ 244,494	\$ 2,439,385	\$ 1,726,466	\$ 312,351	\$ 1,402,227	\$ 13,892,627
Intermediate sources	747	-	-	-	-	-	-	-	747
State sources	7,835,522	-	-	-	-	-	-	320,087	8,155,609
Federal sources	5,866	-	-	-	-	-	-	1,594,965	1,600,831
Bonds and loans	-	-	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	11,569	877	-	-	-	4,131	-	1,011	17,588
Interfund loans	-	-	-	-	24,440	-	-	59,560	84,000
Total receipts	14,485,778	1,136,507	-	244,494	2,463,825	1,730,597	312,351	3,377,850	23,751,402
Disbursements:									
Current:									
Instruction	9,952,911	-	-	181,018	-	-	-	937,364	11,071,293
Support services	4,456,014	1,198,950	-	29,679	-	2,850,484	46,636	1,499,907	10,081,670
Community services	241,067	-	-	-	-	-	-	9,624	250,691
Nonprogrammed charges	1,466,847	-	-	10,800	-	-	-	84,517	1,562,164
Debt services	-	-	-	-	2,848,250	-	-	647,934	3,496,184
Interfund loans	-	-	-	-	-	-	-	84,000	84,000
Total disbursements	16,116,839	1,198,950	-	221,497	2,848,250	2,850,484	46,636	3,263,346	26,546,002
Excess (deficiency) of receipts over disbursements	(1,631,061)	(62,443)	-	22,997	(384,425)	(1,119,887)	265,715	114,504	(2,794,600)
Other financing sources (uses):									
Transfers in	-	-	-	136,284	108,977	-	-	254,919	500,180
Transfers out	-	-	(108,977)	-	(43,306)	-	-	(347,897)	(500,180)
Total other financing sources (uses)	-	-	(108,977)	136,284	65,671	-	-	(92,978)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(1,631,061)	(62,443)	(108,977)	159,281	(318,754)	(1,119,887)	265,715	21,526	(2,794,600)
Cash and investments - beginning	2,221,976	519,583	500,000	203,358	318,754	1,556,425	80,093	498,537	5,898,726
Cash and investments - ending	\$ 590,915	\$ 457,140	\$ 391,023	\$ 362,639	\$ -	\$ 436,538	\$ 345,808	\$ 520,063	\$ 3,104,126
Cash and Investment Assets - Ending									
Cash and investments	\$ 590,915	\$ 457,140	\$ 391,023	\$ 362,639	\$ -	\$ 436,538	\$ 345,808	\$ 520,063	\$ 3,104,126
Cash and Investment Fund Balance - Ending									
Unrestricted	\$ 590,915	\$ 457,140	\$ 391,023	\$ 362,639	\$ -	\$ 436,538	\$ 345,808	\$ 520,063	\$ 3,104,126
Total cash and investment fund balance - ending	\$ 590,915	\$ 457,140	\$ 391,023	\$ 362,639	\$ -	\$ 436,538	\$ 345,808	\$ 520,063	\$ 3,104,126

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

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Employer	\$ 200,923	\$ -	
Other	-	12,509	
Total contributions	200,923	12,509	
Investment earnings:			
Interest	57,890	-	
Agency fund additions			
	-	-	
Total additions	258,813	12,509	
Deductions:			
Benefits	340,240	-	
Administrative and general	-	11,396	
Agency fund deductions	-	-	
Total deductions	340,240	11,396	
Excess (deficiency) of total additions over total deductions			
	(81,427)	1,113	
Cash and investment fund balance - beginning			
	1,211,377	23,075	
Cash and investment fund balance - ending			
	\$ 1,129,950	\$ 24,188	\$ 44,279
Net assets:			
Cash and investments	\$ 1,129,950	\$ 24,188	
Total net assets - cash and investment basis held in trust			
	\$ 1,129,950	\$ 24,188	

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

TWIN LAKES SCHOOL CORPORATION
STATEMENT OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
FIDUCIARY FUNDS
For the Year Ended June 30, 2008

	Pension Trust Funds	Private-Purpose Trust Funds	Agency Funds
Additions:			
Contributions:			
Other	\$ -	\$ 8,167	
Investment earnings:			
Interest	39,951	-	
Agency fund additions	-	-	
Total additions	39,951	8,167	
Deductions:			
Benefits	44,485	-	
Administrative and general	12,008	6,651	
Agency fund deductions	-	-	
Total deductions	56,493	6,651	
Excess (deficiency) of total additions over total deductions	(16,542)	1,516	
Cash and investment fund balance - beginning	1,129,950	24,188	
Cash and investment fund balance - ending	\$ 1,113,408	\$ 25,704	\$ 47,371
Net assets:			
Cash and investments	\$ 1,113,408	\$ 25,704	
Total net assets - cash and investment basis held in trust	\$ 1,113,408	\$ 25,704	

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

TWIN LAKES 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: Twin Lakes School Corporation

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

Joint Venture

The School Corporation is a participant with several other school corporations in a joint venture to operate the Logansport Area Joint Special Services Cooperative (LAJSSC) which was created to provide education to handicapped students. The School Corporation is obligated by contract to remit its proportionate share annually to supplement LAJSSC's budget. LAJSSC pays its surplus to the participants. LAJSSC's continued existence depends on continued funding by the member school corporations. Complete financial statements for LAJSSC can be obtained from 1501 Meadowlawn Avenue, Logansport, IN 46947.

The School Corporation is a participant with several other school corporations in a joint venture to operate the Indian Trails Career Center Cooperative which was created to engage in the joint employment of personnel and joint purchases of supplies, equipment, and facilities to provide programs and services for vocational education. The Cooperative's continued existence depends on continued funding by the School Corporation. Complete financial statements for the Cooperative can be obtained from the local educational agency (Twin Lakes School Corporation) at 565 South Main Street, Monticello, IN 47960.

The School Corporation is a participant with several other school corporations in a joint venture to operate the Wabash Valley Education Center (Center) which was created to operate and maintain an educational service for curriculum development, purchasing and financial management. The Center's continued existence depends on continued funding by the member school corporations. Complete financial statements for the Center can be obtained from their administrative office at 3081 Benton Street, Lafayette, IN 47906-1129.

Related Organizations

The School Corporation's officials are also responsible for appointing the members of the boards of other organizations, but the School Corporation's accountability for these organizations does not extend beyond making the appointments. The School Corporation appoints one board member of the Monticello-Union Township Library and the Delphi Public Library.

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. The statement distinguishes between governmental and business-type activities. Governmental activities generally are financed through taxes, intergovernmental revenues, and other non-exchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. However, there are no business-type activities to report at this time.

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

The School Corporation reports the following major governmental funds:

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

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

The rainy day fund is used to account for monies not used or encumbered in a budget year that can be used at a later date.

Area 10 vocational coop fund is used to account for the receipts and disbursements pertaining to the operation of the Indian Trails Vocational Cooperative.

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.

Additionally, the School Corporation reports the following fund types:

The Pension Trust Funds account for the activities of the retirement/severance bond fund, which accumulate resources for pension benefit payments.

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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 the school corporation employees.

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. Receipts are recorded when received and disbursements are recorded when paid.

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

If the School Corporation utilized the basis of accounting recognized as generally accepted, the fund financial statements for governmental funds would use the modified accrual basis of accounting. 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.

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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

3. Capital Assets

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

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

4. Long-Term Debt

Long-term debt arising from cash basis transactions of governmental funds are 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.

5. 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.

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.

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 not reported as reimbursements but as adjustments to disbursements in the respective funds.

TWIN LAKES SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

3. Interfund transfers – Flow of assets from one fund to another where repayment is not expected is reported as transfers in and out.

Government-Wide Financial Statements

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

1. Internal activities – Amounts reported as interfund transfers in the fund financial statements are eliminated in the government-wide Statement of 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 government-wide Statement of Activities and Net Assets – Cash and Investment Basis.

II. Stewardship, Compliance and Accountability

A. Budgetary Information

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

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

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

B. Cash and Investment Balance Deficits

At June 30, 2008, the following funds reported deficit cash and investment balances.

Fund	2007	2008
Title I 06/07	\$ 7,114	\$ -
Moving Forward II	20,839	1,499
Vocational and Technology Board Grants	-	2,321

Cash and investment deficits arose primarily as a result of grant agreements requiring the expenditures necessary to achieve the objectives prior to their reimbursement by the grantor.

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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. 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.

2. Investments

As of June 30, 2008, the School Corporation had no investments.

B. Interfund Transfers

Interfund transfers for the years ended June 30, 2007 and 2008, were as follows:

Transfer From	Transfer To	2007	2008
Capital Projects Fund	Rainy Day Fund	\$ 100,000	\$ -
Debt Service Fund	Transportation Fund	19,847	-
Other Governmental Funds	Other Governmental Funds	12,357	-
Rainy Day Fund	Debt Service Fund	-	108,977
Debt Service Fund	Other Governmental Funds	-	43,306
Other Governmental Funds	Area 10 Vocational Coop Fund	-	136,284
Other Governmental Funds	Other Governmental Funds	-	211,613
Totals		<u>\$ 132,204</u>	<u>\$ 500,180</u>

The School Corporation typically uses transfers to fund ongoing operating subsidies and to transfer the portion of state-shared revenues from the General Fund to the debt service fund for current-year debt service requirements.

IV. Other Information

A. Risk Management

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

The risks of torts; theft of, damage to, and destruction of assets; errors and omissions; job related illnesses or injuries to employees; and natural disasters are covered by commercial insurance

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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.

Midwest Area School Employees' Insurance Trust

During 1998, the School Corporation joined with other governmental entities to form the Midwest Area School Employees' Insurance Trust, a public entity risk pool currently operating as a common risk management and insurance program for 17 member governmental entities. This risk pool was formed in 1992. The purpose of the risk pool is to provide a medium for the funding and administration of group insurance plans for the benefit of the members' employees. Employees of the School Corporation pay an annual premium to the risk pool for medical coverage. The risk pool is considered a self-sustaining risk pool that will provide coverage for its members for up to \$175,000 per insured event. The risk pool obtains independent coverage for insured events in excess of the \$175,000 to \$2,000,000 limit.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Twin Lakes Building Improvement 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. Lease payments during the two years ending June 30, 2008, totaled \$5,801,097.

C. Subsequent Event

In July of 2008, the school entered into a 10 year lease agreement with the Twin Lakes School Building Corporations for additions to the middle school cafeteria and bus maintenance garage. The total estimated cost of this project is \$1,900,000. Lease payments are to begin when facilities are completed and ready for use or December 31, 2008, whichever is later.

D. Postemployment Benefits

In addition to the pension benefits described below, the School Corporation provides postemployment health care benefits, as authorized by Indiana Code 5-10-8, to all employees who retire from the School Corporation on or after attaining the age 53 with at least 15 years of service. Currently, 16 retirees meet the eligibility requirements. The School Corporation contributes a flat rate per retiree of these postemployment benefits. Disbursements for those postemployment benefits are recognized on a pay-as-you-go basis. During the year ended June 30, 2008, disbursements of \$30,485 were recognized for postemployment benefits.

E. Pension Plans

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

a. 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.

TWIN LAKES SCHOOL CORPORATION
 NOTES TO FINANCIAL STATEMENTS
 (Continued)

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

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.

Information to segregate the assets/liabilities and the actuarial study figures between the School Corporation and the Utilities is not available.

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 143,538
Interest on net pension obligation	(8,782)
Adjustment to annual required contribution	10,008
Annual pension cost	144,764
Contributions made	136,272
Increase (decrease) in net pension obligation	8,492
Net pension obligation, beginning of year	(121,130)
Net pension obligation, end of year	\$ (112,638)

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

	PERF
Contribution rates:	
School Corporation	6.5%
Plan members	3%
Actuarial valuation date	07-01-07
Actuarial cost method	Entry age
Amortization method	Level percentage of projected payroll, closed
Amortization period	30 years
Amortization period (from date)	07-01-97
Asset valuation method	75% of expected actuarial value plus 25% of market value

Actuarial Assumptions	PERF
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	06-30-05	\$ 98,013	118%	\$ (111,657)
	06-30-06	113,669	108%	(121,130)
	06-30-07	144,764	94%	(112,638)

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.

TWIN LAKES SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENTS
(Continued)

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, 2008, 2007, and 2006, were \$362,036, \$313,832, and \$277,723, respectively. The School Corporation actually contributed 100% required contribution for each of the fiscal years, respectively.

TWIN LAKES 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 (Unfunded) AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Excess (Unfunded) AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-05	\$ 1,942,895	\$ 2,271,691	\$ (328,796)	86%	\$ 1,628,013	(20%)
07-01-06	1,977,490	2,240,246	(262,756)	88%	1,956,613	(13%)
07-01-07	2,277,271	2,537,580	(260,309)	90%	2,036,442	(13%)

TWIN LAKES 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	Cafeteria	Bookrental	Joint Service/ Supply Area Vocational	Safe Haven 07/08	Early Intervention 07/08
Receipts:						
Local sources	\$ 12,670	\$ 545,412	\$ 179,908	\$ 9,462	\$ -	\$ -
State sources	50,918	14,329	96,237	-	14,786	62,060
Federal sources	-	329,767	-	-	-	-
Sale of property, adjustments and refunds	-	494	213	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>63,588</u>	<u>890,002</u>	<u>276,358</u>	<u>9,462</u>	<u>14,786</u>	<u>62,060</u>
Disbursements:						
Current:						
Instruction	-	-	-	47,243	-	68,168
Support services	-	939,161	245,487	12,747	3,503	13,700
Community services	-	-	-	-	-	-
Nonprogrammed charges	54,307	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	<u>54,307</u>	<u>939,161</u>	<u>245,487</u>	<u>59,990</u>	<u>3,503</u>	<u>81,868</u>
Excess (deficiency) of receipts over disbursements	<u>9,281</u>	<u>(49,159)</u>	<u>30,871</u>	<u>(50,528)</u>	<u>11,283</u>	<u>(19,808)</u>
Other financing sources (uses):						
Transfers in	-	-	-	6,981	-	-
Transfers out	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,981</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>9,281</u>	<u>(49,159)</u>	<u>30,871</u>	<u>(43,547)</u>	<u>11,283</u>	<u>(19,808)</u>
Cash and investments - beginning	<u>75,514</u>	<u>71,800</u>	<u>97,527</u>	<u>183,372</u>	<u>-</u>	<u>19,808</u>
Cash and investments - ending	<u>\$ 84,795</u>	<u>\$ 22,641</u>	<u>\$ 128,398</u>	<u>\$ 139,825</u>	<u>\$ 11,283</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	\$ 84,795	\$ 22,641	\$ 128,398	\$ 139,825	\$ 11,283	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ 84,795</u>	<u>\$ 22,641</u>	<u>\$ 128,398</u>	<u>\$ 139,825</u>	<u>\$ 11,283</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>84,795</u>	<u>22,641</u>	<u>128,398</u>	<u>139,825</u>	<u>11,283</u>	<u>-</u>
Total cash and investment fund balance - ending	<u>\$ 84,795</u>	<u>\$ 22,641</u>	<u>\$ 128,398</u>	<u>\$ 139,825</u>	<u>\$ 11,283</u>	<u>\$ -</u>

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

TWIN LAKES 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)

	Gifted & Talented 2005	Gifted & Talented 2006	Gifted & Talented 2007	Gifted/Talented High Ability 07/08	Non-English Speaking 07/08	School Technology
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	15,111	-	3,831	-
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	-	-	15,111	-	3,831	-
Disbursements:						
Current:						
Instruction	-	889	13,420	-	4,356	-
Support services	-	-	-	-	2,424	430
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	889	13,420	-	6,780	430
Excess (deficiency) of receipts over disbursements	-	(889)	1,691	-	(2,949)	(430)
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	-	(889)	1,691	-	(2,949)	(430)
Cash and investments - beginning	-	889	-	-	4,710	19,558
Cash and investments - ending	\$ -	\$ -	\$ 1,691	\$ -	\$ 1,761	\$ 19,128
Cash and Investment Assets - Ending						
Cash and investments	\$ -	\$ -	\$ 1,691	\$ -	\$ 1,761	\$ 19,128
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ -	\$ -	\$ 1,691	\$ -	\$ 1,761	\$ 19,128
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	1,691	-	1,761	19,128
Total cash and investment fund balance - ending	\$ -	\$ -	\$ 1,691	\$ -	\$ 1,761	\$ 19,128

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

TWIN LAKES 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)

	Erate Frn Awards	Title I 05/06	Title I 06/07	Title V 04/05	Title V 05/06	Drug Free Schools Title IV 03/04
Receipts:						
Local sources	\$ 25,466	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	-	20,000	192,391	-	6,679	1,000
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	25,466	20,000	192,391	-	6,679	1,000
Disbursements:						
Current:						
Instruction	-	32,253	198,546	6,880	1,144	-
Support services	-	300	6,335	-	7,503	-
Community services	-	594	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Total disbursements	-	33,147	204,881	6,880	8,647	-
Excess (deficiency) of receipts over disbursements	25,466	(13,147)	(12,490)	(6,880)	(1,968)	1,000
Other financing sources (uses):						
Transfers in	-	-	5,376	-	-	-
Transfers out	-	(5,376)	-	-	-	-
Total other financing sources (uses)	-	(5,376)	5,376	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	25,466	(18,523)	(7,114)	(6,880)	(1,968)	1,000
Cash and investments - beginning	-	18,523	-	6,880	2,000	-
Cash and investments - ending	\$ 25,466	\$ -	\$ (7,114)	\$ -	\$ 32	\$ 1,000
Cash and Investment Assets - Ending						
Cash and investments	\$ 25,466	\$ -	\$ (7,114)	\$ -	\$ 32	\$ 1,000
Restricted assets:						
Cash and investments	-	-	-	-	-	-
Total cash and investment assets - ending	\$ 25,466	\$ -	\$ (7,114)	\$ -	\$ 32	\$ 1,000
Cash and Investment Fund Balance - Ending						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	25,466	-	(7,114)	-	32	1,000
Total cash and investment fund balance - ending	\$ 25,466	\$ -	\$ (7,114)	\$ -	\$ 32	\$ 1,000

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

TWIN LAKES 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)

	Drug Free Schools Title IV 04/05	Drug Free Schools Title IV 05/06	Moving Forward II	Perkins 2006	Improving Teacher Quality Title II Part A
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 409
State sources	-	-	-	-	-
Federal sources	-	4,301	148,294	51,048	98,342
Sale of property, adjustments and refunds	-	-	-	-	-
Interfund loans	-	-	-	-	-
Total receipts	<u>-</u>	<u>4,301</u>	<u>148,294</u>	<u>51,048</u>	<u>98,751</u>
Disbursements:					
Current:					
Instruction	2,642	2,698	142,500	(264)	95,223
Support services	2,890	-	19,652	8,422	15,036
Community services	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-
Debt services	-	-	-	-	-
Total disbursements	<u>5,532</u>	<u>2,698</u>	<u>162,152</u>	<u>8,158</u>	<u>110,259</u>
Excess (deficiency) of receipts over disbursements	<u>(5,532)</u>	<u>1,603</u>	<u>(13,858)</u>	<u>42,890</u>	<u>(11,508)</u>
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	(6,981)	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(6,981)</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,532)</u>	<u>1,603</u>	<u>(20,839)</u>	<u>42,890</u>	<u>(11,508)</u>
Cash and investments - beginning	5,532	6,000	-	(42,890)	27,494
Cash and investments - ending	<u>\$ -</u>	<u>\$ 7,603</u>	<u>\$ (20,839)</u>	<u>\$ -</u>	<u>\$ 15,986</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ -	\$ 7,603	\$ (20,839)	\$ -	\$ 15,986
Restricted assets:					
Cash and investments	-	-	-	-	-
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 7,603</u>	<u>\$ (20,839)</u>	<u>\$ -</u>	<u>\$ 15,986</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	7,603	(20,839)	-	15,986
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 7,603</u>	<u>\$ (20,839)</u>	<u>\$ -</u>	<u>\$ 15,986</u>

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

TWIN LAKES 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 II Part D	Title III LEP	Title I Reading First	Retirement/Sev Bond Debt Service	Totals
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ 275,175	\$ 1,048,502
State sources	-	-	-	-	257,272
Federal sources	-	63,425	285,283	-	1,200,530
Sale of property, adjustments and refunds	-	-	-	-	707
Interfund loans	-	-	-	84,000	84,000
Total receipts	-	63,425	285,283	359,175	2,591,011
Disbursements:					
Current:					
Instruction	39	52,710	296,169	-	964,616
Support services	3,500	7,478	31,100	-	1,319,668
Community services	-	-	7,877	-	8,471
Nonprogrammed charges	-	-	-	-	54,307
Debt services	-	-	-	534,011	534,011
Total disbursements	3,539	60,188	335,146	534,011	2,881,073
Excess (deficiency) of receipts over disbursements	(3,539)	3,237	(49,863)	(174,836)	(290,062)
Other financing sources (uses):					
Transfers in	-	-	-	-	12,357
Transfers out	-	-	-	-	(12,357)
Total other financing sources (uses)	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(3,539)	3,237	(49,863)	(174,836)	(290,062)
Cash and investments - beginning	4,760	7,888	103,616	175,618	788,599
Cash and investments - ending	<u>\$ 1,221</u>	<u>\$ 11,125</u>	<u>\$ 53,753</u>	<u>\$ 782</u>	<u>\$ 498,537</u>
<u>Cash and Investment Assets - Ending</u>					
Cash and investments	\$ 1,221	\$ 11,125	\$ 53,753	\$ -	\$ 497,755
Restricted assets:					
Cash and investments	-	-	-	782	782
Total cash and investment assets - ending	<u>\$ 1,221</u>	<u>\$ 11,125</u>	<u>\$ 53,753</u>	<u>\$ 782</u>	<u>\$ 498,537</u>
<u>Cash and Investment Fund Balance - Ending</u>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ 782	\$ 782
Unrestricted	1,221	11,125	53,753	-	497,755
Total cash and investment fund balance - ending	<u>\$ 1,221</u>	<u>\$ 11,125</u>	<u>\$ 53,753</u>	<u>\$ 782</u>	<u>\$ 498,537</u>

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

TWIN LAKES 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, 2008

	Special Education Preschool	Cafeteria	Bookrental	Joint Service/ Supply Area Vocational	White County School Corporation Consolidation Study	Safe Haven 07/08	Early Intervention 07/08
Receipts:							
Local sources	\$ 17,391	\$ 531,892	\$ 159,547	\$ 3,112	\$ -	\$ -	\$ -
State sources	39,700	14,821	96,502	-	25,000	1,311	73,108
Federal sources	-	493,700	-	-	-	-	-
Sale of property, adjustments and refunds	-	532	479	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	57,091	1,040,945	256,528	3,112	25,000	1,311	73,108
Disbursements:							
Current:							
Instruction	-	-	-	12,116	-	-	52,251
Support services	-	1,032,073	261,748	-	-	12,594	5,739
Community services	-	-	-	-	-	-	3,933
Nonprogrammed charges	72,865	-	-	-	11,652	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	72,865	1,032,073	261,748	12,116	11,652	12,594	61,923
Excess (deficiency) of receipts over disbursements	(15,774)	8,872	(5,220)	(9,004)	13,348	(11,283)	11,185
Other financing sources (uses):							
Transfers in	-	-	43,306	-	-	-	-
Transfers out	-	-	-	(130,821)	-	-	-
Total other financing sources (uses)	-	-	43,306	(130,821)	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(15,774)	8,872	38,086	(139,825)	13,348	(11,283)	11,185
Cash and investments - beginning	84,795	22,641	128,398	139,825	-	11,283	-
Cash and investments - ending	\$ 69,021	\$ 31,513	\$ 166,484	\$ -	\$ 13,348	\$ -	\$ 11,185
Cash and Investment Assets - Ending							
Cash and investments	\$ 69,021	\$ 31,513	\$ 166,484	\$ -	\$ 13,348	\$ -	\$ 11,185
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ 69,021	\$ 31,513	\$ 166,484	\$ -	\$ 13,348	\$ -	\$ 11,185

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

TWIN LAKES 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, 2008
 (Continued)

	Gifted & Talented 2005	Gifted & Talented 2007	Gifted/Talented High Ability 07/08	Geri Stone Scholarship	Non-English Speaking 07/08	School Technology	Erate Frn Awards
Receipts:							
Local sources	\$ -	\$ -	\$ -	\$ 1,750	\$ 473	\$ -	\$ 16,470
State sources	-	-	36,719	-	32,926	-	-
Federal sources	-	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total receipts	-	-	36,719	1,750	33,399	-	16,470
Disbursements:							
Current:							
Instruction	5,909	1,691	20,064	1,339	17,879	-	-
Support services	-	-	-	236	3,606	19,128	-
Community services	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-
Total disbursements	5,909	1,691	20,064	1,575	21,485	19,128	-
Excess (deficiency) of receipts over disbursements	(5,909)	(1,691)	16,655	175	11,914	(19,128)	16,470
Other financing sources (uses):							
Transfers in	5,909	-	-	-	-	-	-
Transfers out	-	-	(5,909)	-	-	-	-
Total other financing sources (uses)	5,909	-	(5,909)	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,691)	10,746	175	11,914	(19,128)	16,470
Cash and investments - beginning	-	1,691	-	-	1,761	19,128	25,466
Cash and investments - ending	\$ -	\$ -	\$ 10,746	\$ 175	\$ 13,675	\$ -	\$ 41,936
Cash and Investment Assets - Ending							
Cash and investments	\$ -	\$ -	\$ 10,746	\$ 175	\$ 13,675	\$ -	\$ 41,936
Cash and Investment Fund Balance - Ending							
Unrestricted	\$ -	\$ -	\$ 10,746	\$ 175	\$ 13,675	\$ -	\$ 41,936

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

TWIN LAKES 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, 2008
 (Continued)

	Title I SY 07/08	Title I 06/07	Title I 07/08	Title V 06/07	Title V 05/06	Title V Fund
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	127,797	19,035	93,884	5,313	-	2,000
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>127,797</u>	<u>19,035</u>	<u>93,884</u>	<u>5,313</u>	<u>-</u>	<u>2,000</u>
Disbursements:						
Current:						
Instruction	119,939	1,888	67,552	20,622	-	-
Support services	8,380	420	1,300	5,500	32	-
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>128,319</u>	<u>2,308</u>	<u>68,852</u>	<u>26,122</u>	<u>32</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(522)</u>	<u>16,727</u>	<u>25,032</u>	<u>(20,809)</u>	<u>(32)</u>	<u>2,000</u>
Other financing sources (uses):						
Transfers in	34,645	-	9,613	47,657	-	-
Transfers out	-	(9,613)	(34,645)	-	-	(2,000)
Total other financing sources (uses)	<u>34,645</u>	<u>(9,613)</u>	<u>(25,032)</u>	<u>47,657</u>	<u>-</u>	<u>(2,000)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	34,123	7,114	-	26,848	(32)	-
Cash and investments - beginning	-	(7,114)	-	-	32	-
Cash and investments - ending	<u>\$ 34,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,848</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 34,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,848</u>	<u>\$ -</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 34,123</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 26,848</u>	<u>\$ -</u>	<u>\$ -</u>

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

TWIN LAKES 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, 2008
 (Continued)

	Drug Free Schools Title IV 03/04	Drug Free Schools Title IV 05/06	Vocational & Technology Board Grants	Vocational & Technology Board Grants	Moving Forward II	Vocational & Technology Board Grants
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
State sources	-	-	-	-	-	-
Federal sources	6,638	-	112,311	25,521	45,992	86,330
Sale of property, adjustments and refunds	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total receipts	<u>6,638</u>	<u>-</u>	<u>112,311</u>	<u>25,521</u>	<u>45,992</u>	<u>86,330</u>
Disbursements:						
Current:						
Instruction	-	1,103	99,083	-	-	-
Support services	6,618	3,200	46,741	2,221	26,652	4,761
Community services	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-
Total disbursements	<u>6,618</u>	<u>4,303</u>	<u>145,824</u>	<u>2,221</u>	<u>26,652</u>	<u>4,761</u>
Excess (deficiency) of receipts over disbursements	<u>20</u>	<u>(4,303)</u>	<u>(33,513)</u>	<u>23,300</u>	<u>19,340</u>	<u>81,569</u>
Other financing sources (uses):						
Transfers in	3,300	-	107,189	-	-	-
Transfers out	-	(3,300)	(5,462)	(25,621)	-	(81,569)
Total other financing sources (uses)	<u>3,300</u>	<u>(3,300)</u>	<u>101,727</u>	<u>(25,621)</u>	<u>-</u>	<u>(81,569)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	3,320	(7,603)	68,214	(2,321)	19,340	-
Cash and investments - beginning	<u>1,000</u>	<u>7,603</u>	<u>-</u>	<u>-</u>	<u>(20,839)</u>	<u>-</u>
Cash and investments - ending	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 68,214</u>	<u>\$ (2,321)</u>	<u>\$ (1,499)</u>	<u>\$ -</u>
Cash and Investment Assets - Ending						
Cash and investments	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 68,214</u>	<u>\$ (2,321)</u>	<u>\$ (1,499)</u>	<u>\$ -</u>
Cash and Investment Fund Balance - Ending						
Unrestricted	<u>\$ 4,320</u>	<u>\$ -</u>	<u>\$ 68,214</u>	<u>\$ (2,321)</u>	<u>\$ (1,499)</u>	<u>\$ -</u>

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

TWIN LAKES 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, 2008
 (Continued)

	Improving Teacher Quality Title II Part A	Title II Part D	Title III LEP	Title I Reading First	Retirement/Sev Bond Debt Service	Totals
Receipts:						
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 671,592	\$ 1,402,227
State sources	-	-	-	-	-	320,087
Federal sources	158,915	-	32,732	384,797	-	1,594,965
Sale of property, adjustments and refunds	-	-	-	-	-	1,011
Interfund loans	-	-	-	-	59,560	59,560
Total receipts	158,915	-	32,732	384,797	731,152	3,377,850
Disbursements:						
Current:						
Instruction	122,571	4,521	39,971	348,865	-	937,364
Support services	1,862	-	612	56,484	-	1,499,907
Community services	-	-	-	5,691	-	9,624
Nonprogrammed charges	-	-	-	-	-	84,517
Debt services	-	-	-	-	647,934	647,934
Interfund loans	-	-	-	-	84,000	84,000
Total disbursements	124,433	4,521	40,583	411,040	731,934	3,263,346
Excess (deficiency) of receipts over disbursements	34,482	(4,521)	(7,851)	(26,243)	(782)	114,504
Other financing sources (uses):						
Transfers in	-	3,300	-	-	-	254,919
Transfers out	(48,957)	-	-	-	-	(347,897)
Total other financing sources (uses)	(48,957)	3,300	-	-	-	(92,978)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(14,475)	(1,221)	(7,851)	(26,243)	(782)	21,526
Cash and investments - beginning	15,986	1,221	11,125	53,753	782	498,537
Cash and investments - ending	\$ 1,511	\$ -	\$ 3,274	\$ 27,510	\$ -	\$ 520,063
Cash and Investment Assets - Ending						
Cash and investments	\$ 1,511	\$ -	\$ 3,274	\$ 27,510	\$ -	\$ 520,063
Cash and Investment Fund Balance - Ending						
Unrestricted	\$ 1,511	\$ -	\$ 3,274	\$ 27,510	\$ -	\$ 520,063

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

TWIN LAKES SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2007

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Contributions:			
Employer	\$ 54,963	\$ 145,960	\$ 200,923
Investment earnings:			
Interest	57,890	-	57,890
Total additions	112,853	145,960	258,813
Deductions:			
Benefits	313,265	26,975	340,240
Total deductions	313,265	26,975	340,240
Excess (deficiency) of total additions over total deductions	(200,412)	118,985	(81,427)
Cash and investment fund balance - beginning	1,211,377	-	1,211,377
Cash and investment fund balance - ending	\$ 1,010,965	\$ 118,985	\$ 1,129,950
Net assets:			
Cash and investments	\$ 1,010,965	\$ 118,985	\$ 1,129,950
Total net assets - cash and investment basis held in trust	\$ 1,010,965	\$ 118,985	\$ 1,129,950

TWIN LAKES SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PENSION TRUST FUNDS
 For the Year Ended June 30, 2008

	Retirement/ Severance Bond	Post-Retirement/ Severance Future Benefit	Totals
Additions:			
Investment earnings:			
Interest	\$ 39,951	\$ -	\$ 39,951
Total additions	39,951	-	39,951
Deductions:			
Benefits	33,399	11,086	44,485
Administrative and general	-	12,008	12,008
Total deductions	33,399	23,094	56,493
Excess (deficiency) of total additions over total deductions	6,552	(23,094)	(16,542)
Cash and investment fund balance - beginning	1,010,965	118,985	1,129,950
Cash and investment fund balance - ending	\$ 1,017,517	\$ 95,891	\$ 1,113,408
Net assets:			
Cash and investments	\$ 1,017,517	\$ 95,891	\$ 1,113,408
Total net assets - cash and investment basis held in trust	\$ 1,017,517	\$ 95,891	\$ 1,113,408

TWIN LAKES 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

	<u>Auto Service & Donation</u>	<u>WL Outdoor Education Center</u>	<u>White County Community Foundation Grant</u>	<u>ML REMC Science Grant</u>	<u>Partner for Drug Free</u>
Additions:					
Contributions:					
Other	\$ 205	\$ 2,370	\$ 638	\$ 1,965	\$ 1,000
Total additions	<u>205</u>	<u>2,370</u>	<u>638</u>	<u>1,965</u>	<u>1,000</u>
Deductions:					
Administrative and general	<u>490</u>	<u>1,364</u>	<u>638</u>	<u>1,965</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(285)	1,006	-	-	1,000
Cash and investment fund balance - beginning	<u>2,472</u>	<u>-</u>	<u>1,250</u>	<u>-</u>	<u>-</u>
Cash and Investments - June 30	<u>\$ 2,187</u>	<u>\$ 1,006</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Net assets:					
Cash and investments	\$ 2,187	\$ 1,006	\$ 1,250	\$ -	\$ 1,000
Total net assets - cash and investment basis held in trust	<u>\$ 2,187</u>	<u>\$ 1,006</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,000</u>

TWIN LAKES 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
 (Continued)

	Striving for Excellence	Tobacco Grant	ML Nature Center	PSI IOTA XI Donation	Totals
Additions:					
Contributions:					
Other	\$ 1,267	\$ 4,000	\$ 764	\$ 300	\$ 12,509
Total additions	<u>1,267</u>	<u>4,000</u>	<u>764</u>	<u>300</u>	<u>12,509</u>
Deductions:					
Administrative and general	<u>200</u>	<u>2,482</u>	<u>4,257</u>	<u>-</u>	<u>11,396</u>
Excess (deficiency) of total additions over total deductions	1,067	1,518	(3,493)	300	1,113
Cash and investment fund balance - beginning	<u>13,853</u>	<u>2,000</u>	<u>3,500</u>	<u>-</u>	<u>23,075</u>
Cash and Investments - June 30	<u>\$ 14,920</u>	<u>\$ 3,518</u>	<u>\$ 7</u>	<u>\$ 300</u>	<u>\$ 24,188</u>
Net assets:					
Cash and investments	<u>\$ 14,920</u>	<u>\$ 3,518</u>	<u>\$ 7</u>	<u>\$ 300</u>	<u>\$ 24,188</u>
Total net assets - cash and investment basis held in trust	<u>\$ 14,920</u>	<u>\$ 3,518</u>	<u>\$ 7</u>	<u>\$ 300</u>	<u>\$ 24,188</u>

TWIN LAKES SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008

	<u>Auto Service & Donation</u>	<u>WL Outdoor Education Center</u>	<u>White County Community Foundation Grant</u>	<u>ML REMC Science Grant</u>	<u>Partner for Drug Free</u>
Additions:					
Contributions:					
Other	\$ 23	\$ 500	\$ -	\$ -	\$ -
Total additions	<u>23</u>	<u>500</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deductions:					
Administrative and general	<u>114</u>	<u>988</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(91)	(488)	-	-	-
Cash and investment fund balance - beginning	<u>2,187</u>	<u>1,006</u>	<u>1,250</u>	<u>-</u>	<u>1,000</u>
Cash and Investments - June 30	<u>\$ 2,096</u>	<u>\$ 518</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Net assets:					
Cash and investments	<u>\$ 2,096</u>	<u>\$ 518</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,000</u>
Total net assets - cash and investment basis held in trust	<u>\$ 2,096</u>	<u>\$ 518</u>	<u>\$ 1,250</u>	<u>\$ -</u>	<u>\$ 1,000</u>

TWIN LAKES SCHOOL CORPORATION
 COMBINING SCHEDULE OF ADDITIONS, DEDUCTIONS, AND CHANGES IN CASH AND INVESTMENT BALANCES
 PRIVATE-PURPOSE TRUST FUNDS
 For the Year Ended June 30, 2008
 (Continued)

	Striving for Excellence	Tobacco Grant	ML Nature Center	PSI IOTA XI Donation	Totals
Additions:					
Contributions:					
Other	\$ 4,642	\$ 2,000	\$ 1,002	\$ -	\$ 8,167
Total additions	<u>4,642</u>	<u>2,000</u>	<u>1,002</u>	<u>-</u>	<u>8,167</u>
Deductions:					
Administrative and general	<u>3,059</u>	<u>2,190</u>	<u>-</u>	<u>300</u>	<u>6,651</u>
Excess (deficiency) of total additions over total deductions	1,583	(190)	1,002	(300)	1,516
Cash and investment fund balance - beginning	<u>14,920</u>	<u>3,518</u>	<u>7</u>	<u>300</u>	<u>24,188</u>
Cash and Investments - June 30	<u>\$ 16,503</u>	<u>\$ 3,328</u>	<u>\$ 1,009</u>	<u>\$ -</u>	<u>\$ 25,704</u>
Net assets:					
Cash and investments	<u>\$ 16,503</u>	<u>\$ 3,328</u>	<u>\$ 1,009</u>	<u>\$ -</u>	<u>\$ 25,704</u>
Total net assets - cash and investment basis held in trust	<u>\$ 16,503</u>	<u>\$ 3,328</u>	<u>\$ 1,009</u>	<u>\$ -</u>	<u>\$ 25,704</u>

TWIN LAKES SCHOOLS CORPORATION
SUPPLEMENTARY INFORMATION
SCHEDULE OF CAPITAL ASSETS

For The Year Ended June 30, 2008

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 3,529,192
Buildings	64,771,300
Improvements other than buildings	3,484,138
Machinery and equipment	<u>2,949,343</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 74,733,973</u>

TWIN LAKES SCHOOL CORPORATION
 SUPPLEMENTARY INFORMATION
 SCHEDULE OF LONG-TERM DEBT

For The Year Ended June 30, 2008

The Twin Lakes School Corporation has entered into the following long-term debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Buildings	\$ 12,541,000	\$ 2,846,250
Bonds payable:		
General obligation bonds:		
2002 General obligation pension bonds	2,885,000	413,949
2006 General obligation pension bonds	<u>1,705,000</u>	<u>238,783</u>
Total governmental activities long-term debt	<u>\$ 17,131,000</u>	<u>\$ 3,498,982</u>

TWIN LAKES SCHOOL CORPORATION
AUDIT RESULTS AND COMMENTS

ECA EDUCATIONAL FEES (Twin Lakes High School)

Laboratory fees for the science department were being receipted to and retained in the extra-curricular fund.

IC 20-26-4-1 concerning duties of the School Corporation Treasurer, states in part: "The treasurer is the official custodian of all funds of the school corporation and is responsible for the proper safeguarding and accounting for the funds . . ." Therefore, all grant monies and properly authorized fees at an individual building should be transferred to the School Corporation Central Office on a timely and regular basis for receipting into the appropriate school corporation fund. The School Corporation Attorney should provide written guidance concerning whether fees are appropriate in regards to Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Extra-Curricular Accounts, Chapter 6)

FEDERAL AND STATE AGENCIES – COMPLIANCE REQUIREMENTS

The School Corporation failed to comply with the directives of federal and state agencies by not filing the required federal grant reports to the Indiana Department of Education in a timely manner. The school lunch annual financial report for the year ending June 30, 2007, due July 31, 2007, was not filed until October 1, 2007; and the annual financial report for the year ending June 30, 2008, due July 31, 2008, was not filed until October 22, 2008.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

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 TWIN LAKES SCHOOL CORPORATION, WHITE COUNTY, INDIANA

Compliance

We have audited the compliance of the Twin Lakes 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, 2007 and 2008. 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 non-compliance 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, 2007 and 2008. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2008-1.

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, 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.

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 internal control over compliance was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in the entity's internal control that might be significant deficiencies or material weaknesses as defined below. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be significant deficiencies.

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. We consider the deficiencies in internal control over compliance described in item 2008-1 of the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies.

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. We did not consider any of the deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses.

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response and Corrective Action Plan. We did not audit the School Corporation's response and, accordingly, we express no opinion on it.

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

January 22, 2009

TWIN LAKES SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Years Ended June 30, 2007 and 2008

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 06-30-07	Total Federal Awards Expended 06-30-08
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
Pass-Through Indiana Department of Education				
Child Nutrition Cluster				
School Breakfast Program	10.553		\$ 53,571	\$ 70,731
National School Lunch Program	10.555		<u>337,840</u>	<u>473,906</u>
Total for federal grantor agency			<u>391,411</u>	<u>544,637</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>				
Pass-Through Indiana Department of Education				
Title I Grants to Local Educational Agencies				
	84.010			
		06-8565	33,146	-
		07-8565	204,881	2,309
		08-8565	<u>-</u>	<u>197,172</u>
Total for program			<u>238,027</u>	<u>199,481</u>
Carl D. Perkins Career-Technical and Applied Technology Grant	84.048			
		06-4700-8565	8,158	-
		07-4700-8565	162,152	28,873
		08-4700-8565	<u>-</u>	<u>150,585</u>
Total for program			<u>170,310</u>	<u>179,458</u>
Safe and Drug Free Schools and Communities	84.186			
		04-107	5,532	-
		05-052	2,698	4,303
		07-8565	<u>-</u>	<u>6,618</u>
Total for program			<u>8,230</u>	<u>10,921</u>
Innovative Educational Program Strategies	84.298			
		04-262	6,880	-
		05-069	8,647	32
		06-8565	<u>-</u>	<u>26,122</u>
Total for program			<u>15,527</u>	<u>26,154</u>
Education Technology State Grants	84.318			
		05-034	110,258	124,433
		06-8565	<u>3,539</u>	<u>4,521</u>
Total for program			<u>113,797</u>	<u>128,954</u>
Reading Excellence Act Program	84.357			
		06-8565	335,145	-
		07-8565	<u>-</u>	<u>411,041</u>
Total for program			<u>335,145</u>	<u>411,041</u>
English Language Acquisition Grants	84.365			
		SY 05/06	60,188	-
		SY 06/07	<u>-</u>	<u>40,584</u>
Total for program			<u>60,188</u>	<u>40,584</u>
Total for federal grantor agency			<u>941,224</u>	<u>996,593</u>
Total federal awards expended			<u>\$ 1,332,635</u>	<u>\$ 1,541,230</u>

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

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

Circular A-133 requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$500,000 in any fiscal year unless by constitution or statute a less frequent audit is required. In accordance with the Indiana Code (IC 5-11-1 et seq.), audits of schools 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, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2007	2008
School Breakfast Program	10.553	\$ 8,437	\$ 6,615
National School Lunch	10.555	53,206	44,323

TWIN LAKES 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
Significant deficiencies 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
Significant deficiencies identified that are not considered to be material weaknesses?	yes

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? yes

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

TWIN LAKES SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

Section II – Financial Statement Findings

No matters are reportable

Section III – Federal Award Findings and Questioned Costs

FINDING NO. 2008-1, REPORTING

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number 10.555

The School Corporation does not have adequate internal control safeguards in place to ensure the timely filing of accurate reports required by the Indiana Department of Education.

The school lunch annual financial report (AFR) for the two years ending June 30, 2007 and 2008, due thirty days after June 30 was not filed until October in each of the two years.

7CFR210.15 states in part: "Reporting summary, Participating school food authorities are required to submit forms and reports to the State agency or the distributing agency, as appropriate, to demonstrate compliance with Program requirements."

We recommend the School Corporation design and implement internal control procedures that will ensure the timely filing of accurate reports.

TWIN LAKES SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2006-1, REPORTING

Federal Agency: U.S. Department of Agriculture
Pass-Through: Indiana Department of Education
Federal Program: Child Nutrition Cluster – National School Lunch Program
CFDA Number 10.555

The School Corporation does not have adequate internal control procedures in place to ensure the timely filing of accurate reports required by the Indiana Department of Education.

The school lunch annual financial report (AFR) for the year ending June 30, 2005, due thirty days after June 30 was not filed until February 2006. The school lunch annual financial report for the year ended June 30, 2006, due on July 30, 2006, had not been filed as of December 7, 2006.

Section 3(c) of the A-133 Compliance Supplement states: "Pass-through entities must establish reasonable procedures to ensure receipt of reports on subrecipients' cash balances and cash disbursements in sufficient time to enable the pass-through entities to submit complete and accurate cash transactions reports to the Federal awarding agency or pass-through entity."

Failure to comply with federal program requirements and the requirements of the state pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommend that the School Corporation design and implement internal control procedures that will ensure the timely filing of accurate reports.

Finding has not been corrected. A corrective action was submitted in the prior audit (see below) but has not been fully implemented.

(All required federal reports will be filed in a timely manner in accordance with the requirements of OMB Circular A-133. Margie Reynolds, Treasurer, will work closely with Mark Weaver, Food Services Director, to ensure the required reports are filed timely.)

TWIN LAKES SCHOOL CORPORATION
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
(Continued)

FINDING NO. 2006-2, REPORTING

Federal Agency: U.S. Department of Education
Pass-Through: Indiana Department of Education
Federal Program: Title I Grants to Local Agencies
CFDA Number 84.010

The School Corporation does not have adequate internal control procedures in place to ensure the timely filing of accurate reports required by the Indiana Department of Education.

The Title I quarterly monitoring reports for the quarters ending December 31, 2004, December 31, 2005, and June 30, 2006, due ten days after the end of the quarter, were not filed until February 16, 2005, January 26, 2006, and July 12, 2006, respectively. The Title I annual expenditure report for the fiscal year ended September 30, 2006, due on October 30, 2006, was not filed until November 8, 2006.

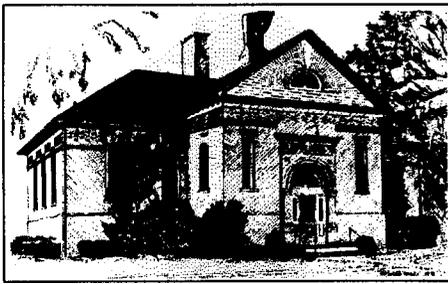
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Failure to comply with federal program requirements and the requirements of the state pass-through agency could cause the School Corporation to forfeit the federal funds already received and jeopardize approval of future funding under federal assistance programs.

Political subdivisions are required to comply with all grant agreements, rules, regulations, bulletins directives, letters, letter rulings and filing requirements concerning reports and other procedural matters of federal and state agencies, including opinions of the Attorney General of the State of Indiana, and court decisions. Governmental units should file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

We recommend that the School Corporation design and implement internal control procedures that will ensure the timely filing of accurate reports.

Corrective action has been taken for this finding.



TWIN LAKES SCHOOL CORPORATION

565 SOUTH MAIN STREET

MONTICELLO, INDIANA 47960

PHONE: (574) 583-7211

FAX: (574) 583-8963

Corrective Action Plan
December 18, 2008

Finding No. 2008-1

Federal Agency: U.S. Department of Agriculture
Pass-through Indiana Department of Education
Federal Program: Child Nutrition Cluster - National School Lunch Program
CFDA Number 10.555
Federal Award Number: SY06/07; SY07/08
Auditee Contact Person: Margie L. Reynolds
Title of Contact Person: Treasurer
Phone Number: 574-583-7211
Expected Completion Date: December 31, 2008

Corrective Action Planned:

All required federal reports will be filed in a timely manner in accordance with the requirements of OMB Circular A-133. Dr. Thomas E. Fletcher, Superintendent, will work closely with Mark Weaver, Food Services Director to ensure the required reports are filed timely.



Thomas E. Fletcher, Superintendent



Margie L. Reynolds, Treasurer



Mark D. Weaver, Food Services Director

TWIN LAKES SCHOOL CORPORATION
EXIT CONFERENCE

The contents of this report were discussed on January 22, 2009, with Margie L Reynolds, Treasurer; Dr. Thomas Fletcher, Superintendent of Schools; Marsha Morlan, Assistant Treasurer; and Douglas Haygood, Board member.