

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

AUDIT REPORT

OF

TAYLOR COMMUNITY SCHOOL CORPORATION

HOWARD COUNTY, INDIANA

July 1, 2006 to June 30, 2008



**FILED**

06/19/2009



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Barton	07-01-06 to 06-30-09
Superintendent of Schools	Dr. Ronald Mayes	07-01-06 to 08-07-07
	Dr. Robert Myers	08-07-07 to 06-30-08
	Dr. John Magers	07-01-08 to 06-30-11
President of the School Board	Scott Maple	07-01-06 to 06-30-07
	Dennis Marler	07-01-07 to 06-30-09



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

TO: THE OFFICIALS OF THE TAYLOR COMMUNITY SCHOOL  
CORPORATION, HOWARD COUNTY, INDIANA

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Taylor Community 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 prescribed basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash and investment balances of the governmental activities, each major fund, and the aggregate remaining fund information of the School Corporation as of June 30, 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 March 26, 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 Schedule of Funding Progress, as listed in the Table of Contents, is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

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

March 26, 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 TAYLOR COMMUNITY SCHOOL  
CORPORATION, HOWARD COUNTY, INDIANA

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Taylor Community 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 March 26, 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 no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

The School Corporation's response to the findings identified in our audit is described in the accompanying section of the report entitled Official Response. 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, school board, 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

March 26, 2009

TAYLOR COMMUNITY 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>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 7,935,793	\$ -	\$ 60,978	\$ (7,874,815)
Support services	4,847,615	434,763	240,081	(4,172,771)
Community services	134,276	-	-	(134,276)
Nonprogrammed charges	67,581	-	-	(67,581)
Debt service	<u>3,915,860</u>	<u>-</u>	<u>-</u>	<u>(3,915,860)</u>
Total government	<u>\$ 16,901,125</u>	<u>\$ 434,763</u>	<u>\$ 301,059</u>	<u>(16,165,303)</u>
General receipts:				
Property taxes				7,007,547
Other local sources				1,103,679
State aid				6,117,554
Bonds and loans				2,039,646
Grants and contributions not restricted to specific programs				320,378
Sale of property, adjustments, and refunds				29,404
Investment earnings				<u>108,532</u>
Total general receipts, interfund loans, transfers, and special items				<u>16,726,740</u>
Change in net assets				561,437
Net assets - beginning				<u>2,335,267</u>
Net assets - ending				<u>\$ 2,896,704</u>
<u>Assets</u>				
Cash and investments				\$ 2,779,303
Restricted assets:				
Cash and investments				<u>117,401</u>
Total assets				<u>\$ 2,896,704</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 117,401
Unrestricted				<u>2,779,303</u>
Total net assets				<u>\$ 2,896,704</u>

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

TAYLOR COMMUNITY 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>	<u>Program Receipts</u>		<u>Net (Disbursement) Receipts and Changes in Net Assets</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Totals</u>
Governmental activities:				
Instruction	\$ 6,978,695	\$ -	\$ 88,730	\$ (6,889,965)
Support services	5,339,755	417,274	283,426	(4,639,055)
Community services	109,288	-	-	(109,288)
Nonprogrammed charges	63,446	-	-	(63,446)
Debt service	<u>3,746,991</u>	<u>-</u>	<u>-</u>	<u>(3,746,991)</u>
Total government	<u>\$ 16,238,175</u>	<u>\$ 417,274</u>	<u>\$ 372,156</u>	<u>(15,448,745)</u>
General receipts:				
Property taxes				5,004,094
Other local sources				1,092,578
State aid				5,912,024
Bonds and loans				3,067,808
Grants and contributions not restricted to specific programs				324,049
Sale of property, adjustments, and refunds				31,676
Investment earnings				<u>113,950</u>
Total general receipts, interfund loans, transfers, and special items				<u>15,546,179</u>
Change in net assets				97,434
Net assets - beginning				<u>2,896,704</u>
Net assets - ending				<u>\$ 2,994,138</u>
<u>Assets</u>				
Cash and investments				\$ 2,503,135
Restricted assets:				
Cash and investments				<u>491,003</u>
Total assets				<u>\$ 2,994,138</u>
<u>Net Assets</u>				
Restricted for:				
Debt service				\$ 491,003
Unrestricted				<u>2,503,135</u>
Total net assets				<u>\$ 2,994,138</u>

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

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

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 3,741,311	\$ 598,780	\$ -	\$ 2,121,546	\$ 1,206,572	\$ 63,269	\$ 922,243	\$ 8,653,721
Intermediate sources	31	-	-	-	-	-	769	800
State sources	6,165,413	-	-	-	-	-	126,540	6,291,953
Federal sources	-	-	-	-	-	-	447,038	447,038
Bonds and loans	1,509,892	209,555	-	-	320,199	-	-	2,039,646
Sale of property, adjustments and refunds	6,287	203	-	-	263	-	22,651	29,404
<b>Total receipts</b>	<u>11,422,934</u>	<u>808,538</u>	<u>-</u>	<u>2,121,546</u>	<u>1,527,034</u>	<u>63,269</u>	<u>1,519,241</u>	<u>17,462,562</u>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	7,377,398	-	303,000	-	-	-	255,395	7,935,793
Support services	2,348,282	573,191	97,000	-	1,000,997	69,884	758,261	4,847,615
Community services	132,565	-	-	-	-	-	1,711	134,276
Nonprogrammed charges	67,581	-	-	-	-	-	-	67,581
Debt services	1,498,721	176,787	-	1,694,028	161,408	-	384,916	3,915,860
<b>Total disbursements</b>	<u>11,424,547</u>	<u>749,978</u>	<u>400,000</u>	<u>1,694,028</u>	<u>1,162,405</u>	<u>69,884</u>	<u>1,400,283</u>	<u>16,901,125</u>
Excess (deficiency) of receipts over disbursements	(1,613)	58,560	(400,000)	427,518	364,629	(6,615)	118,958	561,437
<b>Other financing sources (uses):</b>								
Transfers in	619,313	10,119	400,000	9,501	3,250	8,691	1,510	1,052,384
Transfers out	-	(8,259)	-	(400,000)	-	(8,259)	(635,866)	(1,052,384)
<b>Total other financing sources (uses)</b>	<u>619,313</u>	<u>1,860</u>	<u>400,000</u>	<u>(390,499)</u>	<u>3,250</u>	<u>432</u>	<u>(634,356)</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	617,700	60,420	-	37,019	367,879	(6,183)	(515,398)	561,437
Cash and investments - beginning	555,098	149,817	400,000	49,128	306,700	27,019	847,505	2,335,267
<b>Cash and investments - ending</b>	<u>\$ 1,172,798</u>	<u>\$ 210,237</u>	<u>\$ 400,000</u>	<u>\$ 86,147</u>	<u>\$ 674,579</u>	<u>\$ 20,836</u>	<u>\$ 332,107</u>	<u>\$ 2,896,704</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,172,798	\$ 210,237	\$ 400,000	\$ -	\$ 674,579	\$ 20,836	\$ 300,853	\$ 2,779,303
Restricted assets:								
Cash and investments	-	-	-	86,147	-	-	31,254	117,401
<b>Total cash and investment assets - ending</b>	<u>\$ 1,172,798</u>	<u>\$ 210,237</u>	<u>\$ 400,000</u>	<u>\$ 86,147</u>	<u>\$ 674,579</u>	<u>\$ 20,836</u>	<u>\$ 332,107</u>	<u>\$ 2,896,704</u>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 86,147	\$ -	\$ -	\$ 31,254	\$ 117,401
Unrestricted	1,172,798	210,237	400,000	-	674,579	20,836	300,853	2,779,303
<b>Total cash and investment fund balance - ending</b>	<u>\$ 1,172,798</u>	<u>\$ 210,237</u>	<u>\$ 400,000</u>	<u>\$ 86,147</u>	<u>\$ 674,579</u>	<u>\$ 20,836</u>	<u>\$ 332,107</u>	<u>\$ 2,896,704</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
STATEMENT OF ASSETS AND FUND BALANCES AND RECEIPTS,  
DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
GOVERNMENTAL FUNDS  
For the Year Ended June 30, 2008

	General	Transportation Operating	Rainy Day Fund	Debt Service	Capital Projects	School Bus Replacement	Other	Totals
<b>Receipts:</b>								
Local sources	\$ 2,763,381	\$ 435,751	\$ -	\$ 1,636,494	\$ 981,482	\$ 47,686	\$ 762,847	\$ 6,627,641
Intermediate sources	31	-	-	-	-	-	225	256
State sources	5,966,268	-	-	-	-	-	175,241	6,141,509
Federal sources	-	-	-	-	-	-	466,721	466,721
Bonds and loans	1,514,264	377,006	-	403,783	636,705	-	136,050	3,067,808
Sale of property, adjustments and refunds	6,275	6	-	-	203	-	25,190	31,674
<b>Total receipts</b>	<b>10,250,219</b>	<b>812,763</b>	<b>-</b>	<b>2,040,277</b>	<b>1,618,390</b>	<b>47,686</b>	<b>1,566,274</b>	<b>16,335,609</b>
<b>Disbursements:</b>								
<b>Current:</b>								
Instruction	6,610,419	-	-	-	-	-	368,276	6,978,695
Support services	2,498,479	629,620	-	-	1,339,984	48,149	823,523	5,339,755
Community services	108,087	-	-	-	-	-	1,201	109,288
Nonprogrammed charges	63,446	-	-	-	-	-	-	63,446
Debt services	1,141,226	189,401	-	1,709,936	320,199	-	386,229	3,746,991
<b>Total disbursements</b>	<b>10,421,657</b>	<b>819,021</b>	<b>-</b>	<b>1,709,936</b>	<b>1,660,183</b>	<b>48,149</b>	<b>1,579,229</b>	<b>16,238,175</b>
Excess (deficiency) of receipts over disbursements	(171,438)	(6,258)	-	330,341	(41,793)	(463)	(12,955)	97,434
<b>Other financing sources (uses):</b>								
Transfers in	263,843	-	-	-	-	-	5,535	269,378
Transfers out	-	-	-	-	-	-	(269,378)	(269,378)
<b>Total other financing sources (uses)</b>	<b>263,843</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(263,843)</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	92,405	(6,258)	-	330,341	(41,793)	(463)	(276,798)	97,434
Cash and investments - beginning	1,172,798	210,237	400,000	86,147	674,579	20,836	332,107	2,896,704
Cash and investments - ending	<u>\$ 1,265,203</u>	<u>\$ 203,979</u>	<u>\$ 400,000</u>	<u>\$ 416,488</u>	<u>\$ 632,786</u>	<u>\$ 20,373</u>	<u>\$ 55,309</u>	<u>\$ 2,994,138</u>
<b>Cash and Investment Assets - Ending</b>								
Cash and investments	\$ 1,265,203	\$ 203,979	\$ 400,000	\$ -	\$ 632,786	\$ 20,373	\$ (19,206)	\$ 2,503,135
Restricted assets:								
Cash and investments	-	-	-	416,488	-	-	74,515	491,003
<b>Total cash and investment assets - ending</b>	<b><u>\$ 1,265,203</u></b>	<b><u>\$ 203,979</u></b>	<b><u>\$ 400,000</u></b>	<b><u>\$ 416,488</u></b>	<b><u>\$ 632,786</u></b>	<b><u>\$ 20,373</u></b>	<b><u>\$ 55,309</u></b>	<b><u>\$ 2,994,138</u></b>
<b>Cash and Investment Fund Balance - Ending</b>								
Restricted for:								
Debt service	\$ -	\$ -	\$ -	\$ 416,488	\$ -	\$ -	\$ 74,515	\$ 491,003
Unrestricted	<u>1,265,203</u>	<u>203,979</u>	<u>400,000</u>	<u>-</u>	<u>632,786</u>	<u>20,373</u>	<u>(19,206)</u>	<u>2,503,135</u>
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ 1,265,203</u></b>	<b><u>\$ 203,979</u></b>	<b><u>\$ 400,000</u></b>	<b><u>\$ 416,488</u></b>	<b><u>\$ 632,786</u></b>	<b><u>\$ 20,373</u></b>	<b><u>\$ 55,309</u></b>	<b><u>\$ 2,994,138</u></b>

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

TAYLOR COMMUNITY 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	\$ 688,880	\$ -	
Other	<u>-</u>	<u>7,202</u>	
Total contributions	<u>688,880</u>	<u>7,202</u>	
Investment earnings:			
Interest	<u>-</u>	<u>43</u>	
Total additions	<u>688,880</u>	<u>7,245</u>	
Deductions:			
Benefits	257,167	-	
Administrative and general	<u>-</u>	<u>5,012</u>	
Total deductions	<u>257,167</u>	<u>5,012</u>	
Excess of total additions over total deductions	431,713	2,233	
Cash and investment fund balance - beginning	<u>47,300</u>	<u>4,219</u>	
Cash and investment fund balance - ending	<u>\$ 479,013</u>	<u>\$ 6,452</u>	<u>\$ 51,348</u>
Net assets:			
Cash and investments	<u>\$ 479,013</u>	<u>\$ 6,452</u>	
Total net assets - cash and investment basis held in trust	<u>\$ 479,013</u>	<u>\$ 6,452</u>	

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

TAYLOR COMMUNITY 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:			
Employer	\$ 119,140	\$ -	
Other	-	10,898	
Total contributions	119,140	10,898	
Investment earnings:			
Interest	-	65	
Total additions	119,140	10,963	
Deductions:			
Benefits	133,278	-	
Administrative and general	-	10,770	
Total deductions	133,278	10,770	
Excess (deficiency) of total additions over total deductions	(14,138)	193	
Cash and investment fund balance - beginning	479,013	6,452	
Cash and investment fund balance - ending	\$ 464,875	\$ 6,645	\$ 47,785
Net assets:			
Cash and investments	\$ 464,875	\$ 6,645	
Total net assets - cash and investment basis held in trust	\$ 464,875	\$ 6,645	

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS

I. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

Primary Government: Taylor Community School Corporation

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

Joint Venture – Kokomo Area Special Education Cooperative

The School Corporation is a participant with Kokomo-Center Township Consolidated School Corporation, Eastern-Howard School Corporation, Maconaquah School Corporation, Northwestern School Corporation, Northern Community School Corporation of Tipton County, Tipton Community School Corporation, and Western School Corporation in a joint venture to operate Kokomo Area Special Education Cooperative (Co-op) which was created to provide instruction for handicapped children. The School Corporation is obligated by contract to remit a prorated share of the cost of the program, based on student enrollment, annually to supplement the Co-op. Complete financial statements for the Kokomo Area Special Education Cooperative can be obtained from the Kokomo-Center Township Consolidated School Corporation.

Joint Venture – Kokomo Area Career Center

The School Corporation is a participant with Kokomo-Center Township Consolidated School Corporation, Eastern-Howard School Corporation, Maconaquah School Corporation, Northwestern School Corporation, Northern Community School Corporation of Tipton County, Tipton Community School Corporation, and Western School Corporation in a joint venture to operate the Kokomo Area Career Center which was created to provide an area vocational program to students of the respective schools. The cost of educating the students will be divided on a per pupil basis between all the participating schools. Complete financial statements for the Kokomo Area Career Center can be obtained from the Kokomo-Center Township Consolidated School Corporation.

Joint Venture – Wabash Valley Education Center

The School Corporation is a participant with forty-one 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. Complete financial statements for the Center can be obtained from their administrative office at 3081 Benton Street, West Lafayette, Indiana 47906-1129.

TAYLOR COMMUNITY 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 nonexchange revenues. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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 funds in accordance with IC 36-1-8-5.1 and a locally adopted resolution.

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 bonds and payments anticipated to be made to employees on or after the termination of employment or to pay post-retirement or severance benefits held by the School Corporation in a trustee capacity.

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

C. Measurement Focus and Basis of Accounting

The government-wide, governmental fund, proprietary fund, and fiduciary fund financial statements are reported using the basis of accounting that demonstrates compliance with the cash and investment basis and budget laws of the State of Indiana, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. 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, while the fund financial statements for proprietary fund types would use the accrual basis of accounting. All government-wide financials would be presented on the accrual basis of accounting.

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

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

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

D. Assets and Cash and Investment Balances

1. Cash and Investments

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

2. Property Taxes

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.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. Capital Assets

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

4. Long-Term Debt

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

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.

2. Operating Receipts and Disbursements

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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

Government-Wide Financial Statements

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

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 NOTES TO FINANCIAL STATEMENTS  
 (Continued)

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, 2007 and 2008, the following funds reported deficits in cash and investments, which are violations of the Uniform Compliance Guidelines and state statute:

Fund	2007	2008
Textbook Rental	\$ 223,054	\$ 216,650
Title II A	-	8,105

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

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 School Corporation's deposit policy for custodial credit risk is to deposit public funds in only eligible financial institutions and only in financial instruments authorized by Indiana Laws. At June 30, 2008, the School Corporation had deposit balances in the amount of \$1,363, which 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 the following investments:

Investment Type	Primary Government Market Value
Repurchase agreements	\$ <u>4,482,246</u>

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Statutory Authorization for Investments

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

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

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

Investment Custodial Credit Risk

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

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The School Corporation must follow state statute and limit the stated final maturities of the investments to no more than two years. The School Corporation's investment policy for interest rate risk is that investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury must mature or be redeemable with the current fiscal year. With respect to investments under a repurchase agreement, the maturities may not exceed two years.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Investment Type	Investment Maturities (in Years)		
	Less Than 1	1-2	More Than 2
Repurchase agreements	\$ 4,482,246	\$ -	\$ -

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The distribution of securities with credit ratings is summarized below. The School Corporation's investment policy for credit risk is to invest only in bonds, bills, or notes of the United States; obligations, the principal and interest of which are fully guaranteed by the United States; or obligations of the State.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School Corporation's investment policy for concentration of credit risk is that investments in U.S. Treasury securities and those other securities completely guaranteed by the Treasury as to payment of principal and interest may be purchased in any dollar amount up to 100% of the available reserves. United States of America government and United States of America governmental agency securities are exempt from this policy requirement.

The School Corporation held only investments of the United States of America government or United States of America governmental agencies.

B. Interfund Transfers

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

Transfer From	Transfer To	2007	2008
Transportation Operating	Transportation Bus Replacement	\$ 8,259	\$ -
Debt Service	Rainy Day	400,000	-
Transportation Bus Replacement	Transportation Operating	8,259	-
Other governmental funds	General Fund	619,313	263,843
	Transportation Operating	1,860	-
	Debt Service	9,501	-
	Capital Projects	3,250	-
	Transportation Bus Replacement	432	-
	Other governmental funds	1,510	5,535
Totals		<u>\$ 1,052,384</u>	<u>\$ 269,378</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

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; medical benefits to employees, retirees, and dependents (excluding postemployment benefits); and natural disasters are covered by commercial insurance from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past three years. There were no significant reductions in insurance by major category of risk.

B. Holding Corporation

The School Corporation has entered into a capital lease with the Taylor Community School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related party of the School Corporation. Lease payments during the year ended June 30, 2008, totaled \$1,642,500.

C. Termination Benefits

2003-04 Early Retirement Incentive

During the 2003-04 school year, the School Corporation offered an early retirement incentive to all teachers who had a minimum of ten consecutive years of teacher service in the School Corporation and had reached the "Rule of 85" (a combination of the teacher's age and years of total teaching experience) or is no more than seven years from attaining early eligibility for "federal old age insurance benefits."

Benefits offered by the School Corporation to qualifying teachers under this program include:

1. an amount equal to the teacher's last contract salary minus the salary of a beginning teacher (BS degree) times 40% for the period of years of the retiring teacher's eligibility. These benefits will expire after seven years or upon the retiring teacher attaining early eligibility for "federal old age insurance benefits";
2. a teacher who retires early and receives the early retirement bonus shall be able to continue any or all of the group insurance policies with the School Corporation at the teacher's expense.

Payments under this incentive plan totaled \$96,519 and \$52,230 for the school years ended June 30, 2007, and June 30, 2008, respectively.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

2004-05 Early Retirement Incentive

During the 2004-05 school year, the School Corporation offered an early retirement incentive to all teachers who meet the Teachers Retirement Fund's (TRF) normal or early retirement requirement on or before August 18, 2005, or August 18, 2006.

Benefits offered by the School Corporation to qualifying teachers under this program include:

1. a bonus incentive of \$10,000 paid on January 15, 2006 (for 2005 retirees) or January 15, 2007 (for 2006 retirees) to be paid under the following options:
  - a. in cash; or
  - b. into the retiring employee's 401(a); or
  - c. into the retiring employee's 403(b); or
  - d. into the retiring employee's VEBA account;
2. an amount equal to the School Corporation's current contribution for a single health insurance plan according to the Master Agreement during each year for five full school years after retirement, to be paid January 15 of each year under the following options:
  - a. in cash; or
  - b. into the retiring employee's 401(a); or
  - c. into the retiring employee's 403(b); or
  - d. into the retiring employee's VEBA account;
3. employees retiring under this incentive plan shall have the right to remain on the School Corporation's health insurance program, at their own cost, until the employee is eligible for full Medicare insurance coverage.

Payments under this incentive plan totaled \$222,790 and \$78,720 for the school years ended June 30, 2007, and June 30, 2008, respectively.

2006-07 Early Retirement Incentive

During the 2006-07 school year, the School Corporation offered an early retirement incentive to all teachers who meet the Teachers Retirement Fund's (TRF) normal or early retirement requirement on or before August 18, 2007, or August 18, 2008.

Benefits offered by the School Corporation to qualifying teachers under this program include:

1. a bonus incentive of \$10,000 paid on January 15, 2008, into the VEBA account of an employee retiring on June 15, 2007 only.
2. an amount equal to the School Corporation's current contribution for a single health insurance plan according to the Master Agreement during each year for five full school years after retirement, to be paid January 15 of each year into the retiring employee's VEBA account.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

3. employees retiring under this incentive plan shall have the right to remain on the School Corporation's health insurance program, at their own cost, until the employee is eligible for full Medicare insurance coverage.

Payments under this incentive plan totaled \$0 and \$34,760 for the school years ended June 30, 2007, and June 30, 2008, respectively.

D. Pension Plans

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

Public Employees' Retirement Fund

Plan Description

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

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

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

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.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Actuarial Information for the Above Plan

	PERF
Annual required contribution	\$ 110,305
Interest on net pension obligation	(10,084)
Adjustment to annual required contribution	11,491
Annual pension cost	111,712
Contributions made	133,024
Increase (decrease) in net pension obligation	(21,312)
Net pension obligation, beginning of year	(139,084)
Net pension obligation, end of year	\$ (160,396)

	PERF
Contribution rates:	
School Corporation	7%
Plan members	3%
Actuarial valuation date	07-01-08
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

<u>Actuarial Assumptions</u>	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%

\*2.75% converted members; 4% nonconverted members

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

Three Year Trend Information

	Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
PERF	06-30-06	\$ 110,756	96%	\$ (147,148)
	06-30-07	119,963	93%	(139,084)
	06-30-08	111,712	119%	(160,396)

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

Teachers' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Costs

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

Plan members are required to contribute 3% of their salary (which is paid by the School Corporation) and 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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENTS  
(Continued)

7% of covered wages. The School Corporation's required contributions to the plan for the fiscal years ended June 30, 2008, 2007, and 2006, were \$167,877, \$170,043, and \$161,080, respectively. The School Corporation actually contributed 100% of the required contribution for each of the fiscal years, respectively.

TAYLOR COMMUNITY SCHOOL CORPORATION  
 REQUIRED SUPPLEMENTARY INFORMATION  
 SCHEDULE OF FUNDING PROGRESS

Public Employees' Retirement Fund

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (a-b)	Funded Ratio (a/b)	Covered Payroll (c)	Unfunded AAL as a Percentage of Covered Payroll ((a-b)/c)
07-01-06	\$ 1,419,437	\$ 1,699,349	\$ (279,912)	84%	\$ 1,537,739	18%
07-01-07	1,640,430	1,836,996	(196,566)	89%	1,481,127	13%
07-01-08	1,665,051	1,890,026	(224,975)	88%	1,461,210	15%

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

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates	Safe School Haven 2005-2006
<b>Receipts:</b>						
Local sources	\$ 9,442	\$ 363,764	\$ 113,170	\$ 13,881	\$ -	\$ -
Intermediate sources	-	-	-	-	769	-
State sources	44,098	6,362	26,615	-	-	-
Federal sources	-	207,104	-	-	-	-
Sale of property, adjustments and refunds	-	1,907	3,487	-	-	-
<b>Total receipts</b>	<b>53,540</b>	<b>579,137</b>	<b>143,272</b>	<b>13,881</b>	<b>769</b>	<b>-</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	49,619	-	-	-	-	993
Support services	-	557,384	144,756	-	-	-
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>49,619</b>	<b>557,384</b>	<b>144,756</b>	<b>-</b>	<b>-</b>	<b>993</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>3,921</b>	<b>21,753</b>	<b>(1,484)</b>	<b>13,881</b>	<b>769</b>	<b>(993)</b>
<b>Other financing sources (uses):</b>						
Transfers in	35	-	-	-	-	-
Transfers out	-	-	-	(29,866)	-	-
<b>Total other financing sources (uses)</b>	<b>35</b>	<b>-</b>	<b>-</b>	<b>(29,866)</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>3,956</b>	<b>21,753</b>	<b>(1,484)</b>	<b>(15,985)</b>	<b>769</b>	<b>(993)</b>
Cash and investments - beginning	92,143	41,489	(221,570)	28,814	5,165	993
Cash and investments - ending	<u>\$ 96,099</u>	<u>\$ 63,242</u>	<u>\$ (223,054)</u>	<u>\$ 12,829</u>	<u>\$ 5,934</u>	<u>\$ -</u>
<b><u>Cash and Investment Assets - Ending</u></b>						
Cash and investments	\$ 96,099	\$ 63,242	\$ (223,054)	\$ 12,829	\$ 5,934	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 96,099</b>	<b>\$ 63,242</b>	<b>\$ (223,054)</b>	<b>\$ 12,829</b>	<b>\$ 5,934</b>	<b>\$ -</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	96,099	63,242	(223,054)	12,829	5,934	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 96,099</b>	<b>\$ 63,242</b>	<b>\$ (223,054)</b>	<b>\$ 12,829</b>	<b>\$ 5,934</b>	<b>\$ -</b>

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

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

	Gifted and Talented 2006-2007	Gifted and Talented 2005-2006	Robo-Titans	Non-English Speaking Program	Technology Plan Grant Program	Students as Environmental Scientists
<b>Receipts:</b>						
Local sources	\$ -	\$ -	\$ 660	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-	-
State sources	12,924	-	6,982	195	-	17,432
Federal sources	-	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	13,609	-
<b>Total receipts</b>	<b>12,924</b>	<b>-</b>	<b>7,642</b>	<b>195</b>	<b>13,609</b>	<b>17,432</b>
<b>Disbursements:</b>						
<b>Current:</b>						
Instruction	7,609	2,012	7,957	-	-	4,504
Support services	-	-	-	-	10,662	13,328
Community services	-	-	-	-	-	-
Debt services	-	-	-	-	-	-
<b>Total disbursements</b>	<b>7,609</b>	<b>2,012</b>	<b>7,957</b>	<b>-</b>	<b>10,662</b>	<b>17,832</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>5,315</b>	<b>(2,012)</b>	<b>(315)</b>	<b>195</b>	<b>2,947</b>	<b>(400)</b>
<b>Other financing sources (uses):</b>						
Transfers in	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>5,315</b>	<b>(2,012)</b>	<b>(315)</b>	<b>195</b>	<b>2,947</b>	<b>(400)</b>
Cash and investments - beginning	-	2,509	500	372	6,497	400
Cash and investments - ending	\$ 5,315	\$ 497	\$ 185	\$ 567	\$ 9,444	\$ -
<b>Cash and Investment Assets - Ending</b>						
Cash and investments	\$ 5,315	\$ 497	\$ 185	\$ 567	\$ 9,444	\$ -
Restricted assets:						
Cash and investments	-	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 5,315</b>	<b>\$ 497</b>	<b>\$ 185</b>	<b>\$ 567</b>	<b>\$ 9,444</b>	<b>\$ -</b>
<b>Cash and Investment Fund Balance - Ending</b>						
Restricted for:						
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	5,315	497	185	567	9,444	-
<b>Total cash and investment fund balance - ending</b>	<b>\$ 5,315</b>	<b>\$ 497</b>	<b>\$ 185</b>	<b>\$ 567</b>	<b>\$ 9,444</b>	<b>\$ -</b>

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

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

	IN Respect Grant 2006-07	P.L. 103-382 Title I 2006	P.L. 103-382 Title I 2007	Title V A 2004-2005	Title V A 2006-07
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	11,732	-	-	-	-
Federal sources	-	-	165,552	-	2,452
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>11,732</u>	<u>-</u>	<u>165,552</u>	<u>-</u>	<u>2,452</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	5,651	4,144	120,993	-	-
Support services	5,870	5,888	846	666	2,452
Community services	-	1,655	56	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>11,521</u>	<u>11,687</u>	<u>121,895</u>	<u>666</u>	<u>2,452</u>
Excess (deficiency) of receipts over disbursements	<u>211</u>	<u>(11,687)</u>	<u>43,657</u>	<u>(666)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	211	(11,687)	43,657	(666)	-
Cash and investments - beginning	-	14,710	-	666	-
Cash and investments - ending	<u>\$ 211</u>	<u>\$ 3,023</u>	<u>\$ 43,657</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ 211	\$ 3,023	\$ 43,657	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 211</u>	<u>\$ 3,023</u>	<u>\$ 43,657</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>211</u>	<u>3,023</u>	<u>43,657</u>	<u>-</u>	<u>-</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 211</u>	<u>\$ 3,023</u>	<u>\$ 43,657</u>	<u>\$ -</u>	<u>\$ -</u>

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

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

	Title V A 2005-06	Drug Free Schools	Drug Free Schools	Title II D 2004-2005	Student Drug Testing
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	5,173	-	6,423	-	-
Sale of property, adjustments and refunds	-	-	-	-	230
<b>Total receipts</b>	<b>5,173</b>	<b>-</b>	<b>6,423</b>	<b>-</b>	<b>230</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	-
Support services	5,173	1,048	6,423	224	110
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>5,173</b>	<b>1,048</b>	<b>6,423</b>	<b>224</b>	<b>110</b>
Excess (deficiency) of receipts over disbursements	-	(1,048)	-	(224)	120
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,048)	-	(224)	120
Cash and investments - beginning	-	1,048	-	224	-
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 120</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ -	\$ -	\$ -	\$ -	\$ 120
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 120</u></b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	-	-	120
<b>Total cash and investment fund balance - ending</b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 120</u></b>

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

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

	Library	Project Lead The Way	Team Nutrition Grant	High Schools That Work	Title II A 2007
Receipts:					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	200	-	-	-	-
Federal sources	-	-	500	1,000	51,000
Sale of property, adjustments and refunds	803	2,615	-	-	-
<b>Total receipts</b>	<b>1,003</b>	<b>2,615</b>	<b>500</b>	<b>1,000</b>	<b>51,000</b>
Disbursements:					
Current:					
Instruction	-	-	730	1,000	50,183
Support services	-	-	-	-	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<b>-</b>	<b>-</b>	<b>730</b>	<b>1,000</b>	<b>50,183</b>
Excess (deficiency) of receipts over disbursements	1,003	2,615	(230)	-	817
Other financing sources (uses):					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	1,003	2,615	(230)	-	817
Cash and investments - beginning	-	-	230	-	7,744
<b>Cash and investments - ending</b>	<b>\$ 1,003</b>	<b>\$ 2,615</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,561</b>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 1,003	\$ 2,615	\$ -	\$ -	\$ 8,561
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<b>\$ 1,003</b>	<b>\$ 2,615</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,561</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	1,003	2,615	-	-	8,561
<b>Total cash and investment fund balance - ending</b>	<b>\$ 1,003</b>	<b>\$ 2,615</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 8,561</b>

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

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

	Title II D 2007	English Language Acquisition and Enhancement	Retirement Severance / Bond	Sale of Property TPS 2005	Totals
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ 421,326	\$ -	\$ 922,243
Intermediate sources	-	-	-	-	769
State sources	-	-	-	-	126,540
Federal sources	2,945	4,889	-	-	447,038
Sale of property, adjustments and refunds	-	-	-	-	22,651
<b>Total receipts</b>	<b>2,945</b>	<b>4,889</b>	<b>421,326</b>	<b>-</b>	<b>1,519,241</b>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	-	-	255,395
Support services	-	3,431	-	-	758,261
Community services	-	-	-	-	1,711
Debt services	-	-	384,916	-	384,916
<b>Total disbursements</b>	<b>-</b>	<b>3,431</b>	<b>384,916</b>	<b>-</b>	<b>1,400,283</b>
<b>Excess (deficiency) of receipts over disbursements</b>	<b>2,945</b>	<b>1,458</b>	<b>36,410</b>	<b>-</b>	<b>118,958</b>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	1,475	-	1,510
Transfers out	-	-	-	(606,000)	(635,866)
<b>Total other financing sources (uses)</b>	<b>-</b>	<b>-</b>	<b>1,475</b>	<b>(606,000)</b>	<b>(634,356)</b>
<b>Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses</b>	<b>2,945</b>	<b>1,458</b>	<b>37,885</b>	<b>(606,000)</b>	<b>(515,398)</b>
Cash and investments - beginning	-	2,359	(6,631)	869,843	847,505
<b>Cash and investments - ending</b>	<b>\$ 2,945</b>	<b>\$ 3,817</b>	<b>\$ 31,254</b>	<b>\$ 263,843</b>	<b>\$ 332,107</b>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 2,945	\$ 3,817	\$ -	\$ 263,843	\$ 300,853
<b>Restricted assets:</b>					
Cash and investments	-	-	31,254	-	31,254
<b>Total cash and investment assets - ending</b>	<b>\$ 2,945</b>	<b>\$ 3,817</b>	<b>\$ 31,254</b>	<b>\$ 263,843</b>	<b>\$ 332,107</b>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
<b>Restricted for:</b>					
Debt service	\$ -	\$ -	\$ 31,254	\$ -	\$ 31,254
Unrestricted	2,945	3,817	-	263,843	300,853
<b>Total cash and investment fund balance - ending</b>	<b>\$ 2,945</b>	<b>\$ 3,817</b>	<b>\$ 31,254</b>	<b>\$ 263,843</b>	<b>\$ 332,107</b>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008

	Special Education Preschool	School Lunch	Textbook Rental	Levy Excess	Education License Plates
<b>Receipts:</b>					
Local sources	\$ 6,339	\$ 340,300	\$ 120,689	\$ -	\$ -
Intermediate sources	-	-	-	-	225
State sources	49,016	5,653	59,836	-	-
Federal sources	-	217,937	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	3,424	10,056	-	-
<b>Total receipts</b>	<u>55,355</u>	<u>567,314</u>	<u>190,581</u>	<u>-</u>	<u>225</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	61,165	-	-	-	-
Support services	-	587,585	184,177	-	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>61,165</u>	<u>587,585</u>	<u>184,177</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(5,810)</u>	<u>(20,271)</u>	<u>6,404</u>	<u>-</u>	<u>225</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(5,810)	(20,271)	6,404	-	225
Cash and investments - beginning	<u>96,099</u>	<u>63,242</u>	<u>(223,054)</u>	<u>12,829</u>	<u>5,934</u>
Cash and investments - ending	<u>\$ 90,289</u>	<u>\$ 42,971</u>	<u>\$ (216,650)</u>	<u>\$ 12,829</u>	<u>\$ 6,159</u>
<b><u>Cash and Investment Assets - Ending</u></b>					
Cash and investments	\$ 90,289	\$ 42,971	\$ (216,650)	\$ 12,829	\$ 6,159
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ 90,289</u>	<u>\$ 42,971</u>	<u>\$ (216,650)</u>	<u>\$ 12,829</u>	<u>\$ 6,159</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	<u>90,289</u>	<u>42,971</u>	<u>(216,650)</u>	<u>12,829</u>	<u>6,159</u>
<b>Total cash and investment fund balance - ending</b>	<u>\$ 90,289</u>	<u>\$ 42,971</u>	<u>\$ (216,650)</u>	<u>\$ 12,829</u>	<u>\$ 6,159</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Gifted and Talented 2006-2007	Gifted and Talented 2005-2006	Gifted and Talented 2007-2008	Student Drug Testing	Robo-Titans
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ 169
Intermediate sources	-	-	-	-	-
State sources	-	-	31,730	-	10,481
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	236	20	-
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>31,966</u>	<u>20</u>	<u>10,650</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	5,315	497	4,320	-	10,830
Support services	-	-	-	60	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>5,315</u>	<u>497</u>	<u>4,320</u>	<u>60</u>	<u>10,830</u>
Excess (deficiency) of receipts over disbursements	<u>(5,315)</u>	<u>(497)</u>	<u>27,646</u>	<u>(40)</u>	<u>(180)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	280	40	-
Transfers out	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>280</u>	<u>40</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(5,315)</u>	<u>(497)</u>	<u>27,926</u>	<u>-</u>	<u>(180)</u>
Cash and investments - beginning	<u>5,315</u>	<u>497</u>	<u>-</u>	<u>-</u>	<u>185</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,926</u>	<u>\$ -</u>	<u>\$ 5</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ -	\$ 27,926	\$ -	\$ 5
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,926</u>	<u>\$ -</u>	<u>\$ 5</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	-	27,926	-	5
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 27,926</u>	<u>\$ -</u>	<u>\$ 5</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Gifts Donations and Bequests	Non-English Speaking Program	Technology Plan Grant Program	IN Respect Grant 2006-2007	P.L. 103-382 Title I 2006
<b>Receipts:</b>					
Local sources	\$ 1,800	\$ -	\$ 110	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	2,757	-	15,768	-
Federal sources	-	-	-	-	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	11,414	-	-
<b>Total receipts</b>	<u>1,800</u>	<u>2,757</u>	<u>11,524</u>	<u>15,768</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	1,416	-	6,651	-
Support services	1,800	-	10,965	9,328	-
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>1,800</u>	<u>1,416</u>	<u>10,965</u>	<u>15,979</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>1,341</u>	<u>559</u>	<u>(211)</u>	<u>-</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	-	-	-	-	(3,023)
<b>Total other financing sources (uses)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,023)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>1,341</u>	<u>559</u>	<u>(211)</u>	<u>(3,023)</u>
Cash and investments - beginning	<u>-</u>	<u>567</u>	<u>9,444</u>	<u>211</u>	<u>3,023</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 1,908</u>	<u>\$ 10,003</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 1,908	\$ 10,003	\$ -	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 1,908</u>	<u>\$ 10,003</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	1,908	10,003	-	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 1,908</u>	<u>\$ 10,003</u>	<u>\$ -</u>	<u>\$ -</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	P.L. 103-382 Title I 2007	Title I 2007-2008	Innovative Education Program Title V	Title IV Drug Free 2006-2007	Student Drug Testing
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	182,315	2,396	5,176	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	40
<b>Total receipts</b>	<u>-</u>	<u>182,315</u>	<u>2,396</u>	<u>5,176</u>	<u>40</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	34,273	168,168	-	-	-
Support services	9,014	7,623	2,396	3,048	120
Community services	1,201	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>44,488</u>	<u>175,791</u>	<u>2,396</u>	<u>3,048</u>	<u>120</u>
Excess (deficiency) of receipts over disbursements	<u>(44,488)</u>	<u>6,524</u>	<u>-</u>	<u>2,128</u>	<u>(80)</u>
<b>Other financing sources (uses):</b>					
Transfers in	3,023	2,192	-	-	-
Transfers out	<u>(2,192)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(40)</u>
<b>Total other financing sources (uses)</b>	<u>831</u>	<u>2,192</u>	<u>-</u>	<u>-</u>	<u>(40)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(43,657)</u>	<u>8,716</u>	<u>-</u>	<u>2,128</u>	<u>(120)</u>
Cash and investments - beginning	<u>43,657</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>120</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 8,716</u>	<u>\$ -</u>	<u>\$ 2,128</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 8,716	\$ -	\$ 2,128	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 8,716</u>	<u>\$ -</u>	<u>\$ 2,128</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	8,716	-	2,128	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 8,716</u>	<u>\$ -</u>	<u>\$ 2,128</u>	<u>\$ -</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	Library	Project Lead The Way	High Schools That Work	Title II A 2007	Title II D 2007
<b>Receipts:</b>					
Local sources	\$ -	\$ -	\$ -	\$ -	\$ -
Intermediate sources	-	-	-	-	-
State sources	-	-	-	-	-
Federal sources	-	-	2,500	54,780	-
Bonds and loans	-	-	-	-	-
Sale of property, adjustments and refunds	-	-	-	-	-
<b>Total receipts</b>	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>54,780</u>	<u>-</u>
<b>Disbursements:</b>					
<b>Current:</b>					
Instruction	-	-	2,500	69,946	-
Support services	723	-	-	1,500	2,945
Community services	-	-	-	-	-
Debt services	-	-	-	-	-
<b>Total disbursements</b>	<u>723</u>	<u>-</u>	<u>2,500</u>	<u>71,446</u>	<u>2,945</u>
Excess (deficiency) of receipts over disbursements	<u>(723)</u>	<u>-</u>	<u>-</u>	<u>(16,666)</u>	<u>(2,945)</u>
<b>Other financing sources (uses):</b>					
Transfers in	-	-	-	-	-
Transfers out	<u>(280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total other financing sources (uses)</b>	<u>(280)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(1,003)</u>	<u>-</u>	<u>-</u>	<u>(16,666)</u>	<u>(2,945)</u>
Cash and investments - beginning	<u>1,003</u>	<u>2,615</u>	<u>-</u>	<u>8,561</u>	<u>2,945</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ (8,105)</u>	<u>\$ -</u>
<b>Cash and Investment Assets - Ending</b>					
Cash and investments	\$ -	\$ 2,615	\$ -	\$ (8,105)	\$ -
Restricted assets:					
Cash and investments	-	-	-	-	-
<b>Total cash and investment assets - ending</b>	<u>\$ -</u>	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ (8,105)</u>	<u>\$ -</u>
<b>Cash and Investment Fund Balance - Ending</b>					
Restricted for:					
Debt service	\$ -	\$ -	\$ -	\$ -	\$ -
Unrestricted	-	2,615	-	(8,105)	-
<b>Total cash and investment fund balance - ending</b>	<u>\$ -</u>	<u>\$ 2,615</u>	<u>\$ -</u>	<u>\$ (8,105)</u>	<u>\$ -</u>

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
 COMBINING SCHEDULE OF ASSETS AND FUND BALANCES AND RECEIPTS,  
 DISBURSEMENTS, AND CHANGES IN FUND BALANCES - CASH AND INVESTMENT BASIS  
 OTHER GOVERNMENTAL FUNDS  
 For the Year Ended June 30, 2008  
 (Continued)

	English Language Acquisition and Enhancement	Retirement Severance/ Bond	Sale of Property TPS 2005	Totals
<b>Receipts:</b>				
Local sources	\$ -	\$ 293,440	\$ -	\$ 762,847
Intermediate sources	-	-	-	225
State sources	-	-	-	175,241
Federal sources	1,617	-	-	466,721
Bonds and loans	-	136,050	-	136,050
Sale of property, adjustments and refunds	-	-	-	25,190
	<u>1,617</u>	<u>429,490</u>	<u>-</u>	<u>1,566,274</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	3,195	-	-	368,276
Support services	2,239	-	-	823,523
Community services	-	-	-	1,201
Debt services	-	386,229	-	386,229
	<u>5,434</u>	<u>386,229</u>	<u>-</u>	<u>1,579,229</u>
Excess (deficiency) of receipts over disbursements	<u>(3,817)</u>	<u>43,261</u>	<u>-</u>	<u>(12,955)</u>
<b>Other financing sources (uses):</b>				
Transfers in	-	-	-	5,535
Transfers out	-	-	(263,843)	(269,378)
	<u>-</u>	<u>-</u>	<u>(263,843)</u>	<u>(263,843)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(3,817)</u>	<u>43,261</u>	<u>(263,843)</u>	<u>(276,798)</u>
Cash and investments - beginning	<u>3,817</u>	<u>31,254</u>	<u>263,843</u>	<u>332,107</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ 74,515</u>	<u>\$ -</u>	<u>\$ 55,309</u>
<b><u>Cash and Investment Assets - Ending</u></b>				
Cash and investments	\$ -	\$ -	\$ -	\$ (19,206)
Restricted assets:				
Cash and investments	-	74,515	-	74,515
Total cash and investment assets - ending	<u>\$ -</u>	<u>\$ 74,515</u>	<u>\$ -</u>	<u>\$ 55,309</u>
<b><u>Cash and Investment Fund Balance - Ending</u></b>				
Restricted for:				
Debt service	\$ -	\$ 74,515	\$ -	\$ 74,515
Unrestricted	-	-	-	(19,206)
Total cash and investment fund balance - ending	<u>\$ -</u>	<u>\$ 74,515</u>	<u>\$ -</u>	<u>\$ 55,309</u>

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

TAYLOR COMMUNITY 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	\$ -	\$ 688,880	\$ 688,880
Total additions	-	688,880	688,880
Deductions:			
Benefits	47,300	209,867	257,167
Excess (deficiency) of total additions over total deductions	(47,300)	479,013	431,713
Cash and investment fund balance - beginning	47,300	-	47,300
Cash and investment fund balance - ending	\$ -	\$ 479,013	\$ 479,013
Net assets:			
Cash and investments	\$ -	\$ 479,013	\$ 479,013
Total net assets - cash and investment basis held in trust	\$ -	\$ 479,013	\$ 479,013

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

	Post-Retirement/ Severance Future Benefit	Totals
Additions:		
Contributions:		
Employer	\$ 119,140	\$ 119,140
Total additions	119,140	119,140
Deductions:		
Benefits	133,278	133,278
Deficiency of total additions over total deductions	(14,138)	(14,138)
Cash and investment fund balance - beginning	479,013	479,013
Cash and investment fund balance - ending	\$ 464,875	\$ 464,875
Net assets:		
Cash and investments	\$ 464,875	\$ 464,875
Total net assets - cash and investment basis held in trust	\$ 464,875	\$ 464,875

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

	<u>Gifts Donations and Bequests</u>	<u>IN FCCLA Student Body Grant</u>	<u>Instructional Support Special Ed Equipment</u>	<u>Rainbow Gold at Both Ends - THS</u>	<u>Reading Counts - TPS</u>	<u>Purdue High School FACS Grant</u>
Additions:						
Contributions:						
Other	\$ 337	\$ -	\$ 2,734	\$ -	\$ -	\$ 861
Investment earnings:						
Interest	-	-	-	-	-	-
Total additions	<u>337</u>	<u>-</u>	<u>2,734</u>	<u>-</u>	<u>-</u>	<u>861</u>
Deductions:						
Administrative and general	<u>987</u>	<u>-</u>	<u>-</u>	<u>993</u>	<u>225</u>	<u>-</u>
Excess (deficiency) of total additions over total deductions	(650)	-	2,734	(993)	(225)	861
Cash and investment fund balance - beginning	<u>650</u>	<u>111</u>	<u>-</u>	<u>1,293</u>	<u>300</u>	<u>-</u>
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 2,734</u>	<u>\$ 300</u>	<u>\$ 75</u>	<u>\$ 861</u>
Net assets:						
Cash and investments	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 2,734</u>	<u>\$ 300</u>	<u>\$ 75</u>	<u>\$ 861</u>
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 111</u>	<u>\$ 2,734</u>	<u>\$ 300</u>	<u>\$ 75</u>	<u>\$ 861</u>

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

	Artists in Residence Grants - TIS	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	Toshiba American Foundation Grant - TPS	Totals
Additions:						
Contributions:						
Other	\$ 1,810	\$ 520	\$ 820	\$ 120	\$ -	\$ 7,202
Investment earnings:						
Interest	-	38	5	-	-	43
Total additions	1,810	558	825	120	-	7,245
Deductions:						
Administrative and general	1,209	350	500	40	708	5,012
Excess (deficiency) of total additions over total deductions	601	208	325	80	(708)	2,233
Cash and investment fund balance - beginning	-	823	37	5	1,000	4,219
Cash and investments - June 30	<u>\$ 601</u>	<u>\$ 1,031</u>	<u>\$ 362</u>	<u>\$ 85</u>	<u>\$ 292</u>	<u>\$ 6,452</u>
Net assets:						
Cash and investments	\$ 601	\$ 1,031	\$ 362	\$ 85	\$ 292	\$ 6,452
Total net assets - cash and investment basis held in trust	<u>\$ 601</u>	<u>\$ 1,031</u>	<u>\$ 362</u>	<u>\$ 85</u>	<u>\$ 292</u>	<u>\$ 6,452</u>

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

	<u>Donations for Employee Lunch</u>	<u>IN FCCLA Student Body Grant</u>	<u>Instructional Support Special Ed Equipment</u>	<u>Rainbow Gold at Both Ends - THS</u>	<u>CAAVES Study Grant</u>	<u>Purdue High School FACS Grant</u>	<u>NOVANET Credit Recovery</u>
Additions:							
Contributions:							
Other	\$ 183	\$ -	\$ -	\$ -	\$ 3,775	\$ -	\$ 25
Investment earnings:							
Interest	-	-	-	-	-	-	-
Total additions	<u>183</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,775</u>	<u>-</u>	<u>25</u>
Deductions:							
Administrative and general	-	111	2,192	-	927	-	25
Excess (deficiency) of total additions over total deductions	183	(111)	(2,192)	-	2,848	-	-
Cash and investment fund balance - beginning	-	111	2,734	300	75	861	-
Cash and investments - June 30	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 300</u>	<u>\$ 2,923</u>	<u>\$ 861</u>	<u>\$ -</u>
Net assets:							
Cash and investments	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 300</u>	<u>\$ 2,923</u>	<u>\$ 861</u>	<u>\$ -</u>
Total net assets - cash and investment basis held in trust	<u>\$ 183</u>	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 300</u>	<u>\$ 2,923</u>	<u>\$ 861</u>	<u>\$ -</u>

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

	Artists in Residence Grants - TIS	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	SADD Grant	Toshiba American Foundation Grant - TPS	Totals
Additions:							
Contributions:							
Other	\$ 90	\$ 500	\$ 250	\$ 5,075	\$ 1,000	\$ -	\$ 10,898
Investment earnings:							
Interest	-	52	11	2	-	-	65
Total additions	90	552	261	5,077	1,000	-	10,963
Deductions:							
Administrative and general	691	500	500	5,020	512	292	10,770
Excess (deficiency) of total additions over total deductions	(601)	52	(239)	57	488	(292)	193
Cash and investment fund balance - beginning	601	1,031	362	85	-	292	6,452
Cash and investments - June 30	<u>\$ -</u>	<u>\$ 1,083</u>	<u>\$ 123</u>	<u>\$ 142</u>	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ 6,645</u>
Net assets:							
Cash and investments	\$ -	\$ 1,083	\$ 123	\$ 142	\$ 488	\$ -	\$ 6,645
Total net assets - cash and investment basis held in trust	<u>\$ -</u>	<u>\$ 1,083</u>	<u>\$ 123</u>	<u>\$ 142</u>	<u>\$ 488</u>	<u>\$ -</u>	<u>\$ 6,645</u>

TAYLOR COMMUNITY SCHOOL 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	\$ 64,787
Buildings	29,653,269
Improvements other than buildings	1,485,869
Machinery and equipment	932,345
Transportation Equipment	<u>642,435</u>
Total governmental activities, capital assets not being depreciated	<u>\$ 32,778,705</u>

TAYLOR COMMUNITY SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2008

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Buildings	\$ 14,875,000	\$ 1,647,500
Notes and loans payable	3,067,808	3,116,503
Bonds payable:		
General obligation bonds:		
Retirement/Severance	<u>2,655,000</u>	<u>386,392</u>
Total governmental activities debt	<u>\$ 20,597,808</u>	<u>\$ 5,150,395</u>

TAYLOR COMMUNITY SCHOOL CORPORATION  
OTHER REPORTS

The audit report presented herein was prepared in addition to other official reports prepared for the individual School Corporation offices listed below:

Extra-Curricular Accounts Taylor Community School Corporation

TAYLOR COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

OFFICIAL BOND

The following official bonds were not filed in the office of the County Recorder: School Corporation Treasurer, Deputy School Corporation Treasurer, and ECA Treasurers.

IC 5-4-1-5.1(b) states in part: "Every elected or appointed officer, official, deputy, or employee of a political subdivision . . . shall file the bond in the office of the county recorder . . ."

OVERDRAWN CASH BALANCES

Cash balances of the Textbook Rental Fund and the Title II A Fund were overdrawn as noted below:

	<u>06-30-07</u>	<u>06-30-08</u>
Textbook Rental	\$ 223,054	\$ 216,650
Title II A	-	8,105

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

PENALTIES, INTEREST, AND OTHER CHARGES

Penalties and interest totaling \$222.54 were paid to the Indiana Department of Revenue.

Officials and employees have the duty to pay claims and remit taxes in a timely fashion. Failure to pay claims or remit taxes in a timely manner could be an indicator of serious financial problems which should be investigated by the governmental unit.

Additionally, officials and employees have a responsibility to perform duties in a manner which would not result in any unreasonable fees being assessed against the governmental unit.

Any penalties, interest or other charges paid by the governmental unit may be the personal obligation of the responsible official or employee. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OVERTIME POLICY

We found during a review of payroll controls that two employees had been paid overtime without the Superintendent's prior approval. Per the Taylor Community School Corporation's Bylaws & Policies, "No overtime . . . will be paid with the prior approval of the Superintendent. The Superintendent shall prepare administrative guidelines to implement this policy."

TAYLOR COMMUNITY SCHOOL CORPORATION  
 AUDIT RESULTS AND COMMENTS  
 (Continued)

Each governmental unit should adopt written policy regarding the accrual and use of leave time and compensatory time and the payment of overtime. Negotiated labor contracts approved by the governing board would be considered as written policy. The policy should conform to the requirements of all state and federal regulatory agencies. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

AVERAGE DAILY MEMBERSHIP (ADM) - INCORRECT REPORTING TO THE STATE

The information presented for audit indicates enrollment figures on Form 30A, Report of Average Daily Membership (ADM) for State Support, were incorrect for the school year ending June 30, 2007. The difference between the count reported on the ADM and the verified figures are shown below:

School Year	Grade	Count as Reported on Form Number 30A	Actual Enrollment Figures	Difference
2006-2007	Kindergarten	54.50	54.00	.50
2006-2007	1 Through 12	1,405.99	1,399.33	6.66

School Officials should contact the Indiana Department of Education, Division of School Finance, to determine possible steps to be taken to correct any overpayment/underpayment applicable to the School Corporation because of incorrect reporting. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 8)

TEXTBOOK RENTAL AND FEES

The School Corporation, at the time of charging and collecting textbook rental fees, requires other fees to be paid including, but not limited to: a technology fee (printer cartridges, etc.), an athletic fee (to grant admission to athletic events), an activity fee, and a physical education fee. School Officials could not always provide documentation to verify students received consumable goods or services equal to the fees charged. This was noted in prior Report B29280.

The following schedule compares, for some of the classes, the calculated textbook rental charge with the actual charge approved by the School Corporation's Board (this schedule is not all-inclusive):

	Book Cost	Rental Rates at 25 % of Cost	School Board Approved Rental Rates	Variance
Chemistry I	\$ 59.85	\$ 14.96	\$ 17.86	\$ (2.90)
Spanish II	42.94	10.74	13.46	(2.73)
*World Literature	49.02	12.26	21.45	(15.32)
Life Sciences and Foods	45.90	11.48	23.08	(11.61)
*Personal Finance	60.47	15.12	16.22	(8.66)

\*This is only a one semester course.

TAYLOR COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

IC 20-26-12-2 states in part (a):

"Each governing body may purchase from a contracting publisher, at the net contract price or at a subsequent lower price, any textbook adopted by the State Board of Education and selected by the proper local officials, and may rent these textbooks to students . . . at an annual rental not to exceed twenty-five percent (25%) of the retail price of the textbook."

We are of the audit position that up to twenty-five (25%) percent of the retail price of a textbook may be collected annually (which could include **actual** shipping and handling) for each year of the original six year adopted period. (The School Administrator and Uniform Compliance Guidelines, Volume 145, page 6)

Fees should only be collected as specifically authorized by statute or properly authorized resolutions or ordinances, as applicable, which are not contrary to statutory or Constitutional provisions. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

APPROVED DEPOSITORY

The School Corporation has funds deposited in a financial institution that is not an approved depository eligible to receive state funds.

IC 5-13-8-1(a) states in part: "A political subdivision may deposit public funds in a financial institution only if the financial institution: (1) is a depository eligible to receive state funds; . . ."

FRINGE BENEFITS

An interim superintendent was being paid mileage for commuting between his home and the School Corporation office. This mileage was paid by claim and was not run through payroll (W-2) nor was a Form 1099 issued for these payments.

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)

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SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

STATE BOARD OF ACCOUNTS  
302 WEST WASHINGTON STREET  
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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 TAYLOR COMMUNITY SCHOOL  
CORPORATION, HOWARD COUNTY, INDIANA

Compliance

We have audited the compliance of the Taylor Community School Corporation (School Corporation) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the years ended June 30, 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 noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the School Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the School Corporation's compliance with those requirements.

In our opinion, the School Corporation complied in all material respects with the requirements referred to above that are applicable to each of its major federal programs for the years ended June 30, 2007 and 2008.

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)

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

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

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

The School Corporation's response to the findings identified in our audit is described in the accompanying Official Response. 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, school board, 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

March 26, 2009

TAYLOR COMMUNITY 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
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>				
Pass-Through Indiana Department of Education Child Nutrition Cluster School Breakfast Program	10.553	FY 06/07 FY 07/08	\$ 34,867 -	\$ - 37,501
Total for program			34,867	37,501
National School Lunch Program	10.555	FY 06/07 FY 07/08	203,551 -	- 216,611
Total for program			203,551	216,611
Total for cluster			238,418	254,112
Team Nutrition Grants	10.574	FY 06/07	730	-
Total for federal grantor agency			239,148	254,112
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>				
Pass-Through Indiana Department of Education Title I Grants to Local Educational Agencies	84.010	06-3460 07-3460 08-3460	11,687 121,895 -	- 44,488 175,792
Total for program			133,582	220,280
Career and Technical Education - Basic Grants to States	84.048	06-1303-3460 07-1303-3460	1,000 -	- 2,500
Total for program			1,000	2,500
Pass-Through Indiana Department of Workforce Development Career and Technical Education - Basic Grants to States	84.048	CPR-7-100	-	7,481
Pass-Through Indiana Department of Education Safe and Drug-Free Schools and Communities - State Grants	84.186	04-3460 05-3460 06-3460	1,048 6,423 -	- - 3,048
Total for program			7,471	3,048

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Years Ended June 30, 2007 and 2008  
(Continued)

Federal Grantor Agency/Pass-Through Entity Cluster Title/Program Title/Project Title	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-07	Total Federal Awards Expended 06-30-08
Pass-Through Indiana Department of Workforce Development Tech-Prep Education	84.243	CPR-6-100	6,982	-
Pass-Through Indiana Department of Education State Grants for Innovative Programs	84.298	04-271 05-196 06-3460 07-3460	666 5,173 2,452 -	- - - 2,396
Total for program			8,291	2,396
Education Technology State Grants	84.318	FY 04/05 FY 05/06	224 -	- 2,945
Total for program			224	2,945
Pass-Through Wabash Valley Education Center English Language Acquisition Grants	84.365	FY 05/06 FY 06/07 FY 07/08	2,359 1,071 -	- 3,818 1,617
Total for program			3,430	5,435
Pass-Through Indiana Department of Education Improving Teacher Quality State Grants	84.367	04-XXX 05-109 06-3460 07-3460	17,744 32,439 - -	- 17,583 42,212 11,650
Total for program			50,183	71,445
Total for federal grantor agency			211,163	315,530
<b><u>U.S. DEPARTMENT OF HOMELAND SECURITY</u></b>				
Pass-Through Indiana Department of Homeland Security Disaster Grants - Public Assistance	97.036	EM3274	2,253	-
Total federal awards expended			\$ 452,564	\$ 569,642

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

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

I. Basis of Presentation

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

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

II. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2007 and 2008. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2006/07	2007/08
National School Lunch Program	10.555	\$ 31,314	\$ 36,176

TAYLOR COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I – Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Material weaknesses identified?	no
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?	none reported

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

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

Identification of Major Programs:

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

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

Auditee qualified as low-risk auditee? no

Section II – Financial Statement Findings

No matters are reportable.

Section III – Federal Award Findings and Questioned Costs

No matters are reportable.

TAYLOR COMMUNITY SCHOOL CORPORATION  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

No matters are reportable.

TAYLOR COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on May 6, 2009, with Dr. John Magers, Superintendent of Schools; and Deborah Barton, Treasurer. The official response has been made a part of this report and may be found on page 62.

# TAYLOR COMMUNITY SCHOOL CORPORATION

*Office of the Superintendent*

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Kokomo, Indiana 46902

**John Magers, Ph.D.**  
*Superintendent of Schools*

## BOARD OF SCHOOL TRUSTEES

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May 13, 2009

Indiana State Board of Accounts  
302 West Washington Street  
Room E 418  
Indianapolis, IN 46204-2765

Re: Official Response to Audit Results and Comments

To Whom It May Concern:

Please consider the following to the official response of the Taylor Community School Corporation in regard to our most recent audit for the period of July 1, 2006 until June 30, 2008. It is my understanding that this official response will become part of the formal audit report.

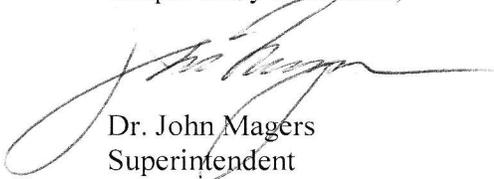
The Taylor Community School Corporation appreciates the work of the State Board of Accounts and acknowledges the deficiencies noted. The payment of penalties and interest to the Indiana Department of Revenue is noted. Procedures have been established to ensure all payments are made timely. Likewise, procedures have been established to ensure that employee overtime is approved by the Superintendent.

In regard to the comment that we reported an incorrect Average Daily Membership (ADM) to the state for 2006-2007, we respectfully disagree. We agree that we over reported the number of students in Kindergarten by .50, but our records indicate that we under reported the number in grades 1 through 12, instead of over reporting the number as indicated by the Audit Comments.

We are checking into the variances in textbook rental and fees and will correct any discrepancies that are found. Other issues noted are certainly unique exceptions, which have or are soon to be corrected.

As we address these and other issues, we anticipate calling on the State Board of Accounts on numerous occasions for guidance and assistance. The Taylor Community School Corporation looks forward to the next formal audit, at which time we hope to verify our success.

Respectfully submitted,



Dr. John Magers  
Superintendent

*"Commitment to Excellence"*