

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

TAYLOR COMMUNITY SCHOOL CORPORATION
HOWARD COUNTY, INDIANA

July 1, 2012 to June 30, 2014



FILED
05/27/2016

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Barton	07-01-12 to 06-30-16
Superintendent of Schools	Dr. John Magers Eric Hartman (Acting) Robert Foreman (Interim) Christopher Smith	07-01-12 to 06-30-13 07-01-13 to 07-31-13 08-01-13 to 12-31-13 01-01-14 to 06-30-16
President of the School Board	Dennis Marler	07-01-12 to 06-30-16



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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statement

We have audited the accompanying financial statement of the Taylor Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement as listed in the Table of Contents.

Management's Responsibility for the Financial Statement

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of a financial statement that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement 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 statement is free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the School Corporation's preparation and fair presentation of the financial statement in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 of the financial statement, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statement of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statement referred to above does not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statement referred to above presents fairly, in all material respects, the financial position and results of operations of the School Corporation for the period of July 1, 2012 to June 30, 2014, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. 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 financial statement. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statement. The information has been subjected to the auditing procedures applied in the audit of the financial statement and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statement or to the financial statement itself, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated, in all material respects, in relation to the financial statement taken as a whole.


Other Information

Our audit was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis, Schedule of Payables and Receivables, Schedule of Leases and Debt, and Schedule of Capital Assets, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statement. They have not been subjected to the auditing procedures applied by us in the audit of the financial statement and, accordingly, we express no opinion on them.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated March 24, 2016, 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 integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control over financial reporting and compliance.


Paul D. Joyce, CPA
State Examiner

March 24, 2016



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

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

We have audited, 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, the financial statement of the Taylor Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2012 to June 30, 2014, and the related notes to the financial statement, and have issued our report thereon dated March 24, 2016, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statement, we considered the School Corporation's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statement, but not for the purpose of expressing an opinion on the effectiveness of the School Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control.

Our consideration of the internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control 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 and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statement will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001 to be a material weakness.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT 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 statement is free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2014-001.

Taylor Community School Corporation's Response to Findings

The School Corporation's response to the findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of the financial statement and, accordingly, we express no opinion on it.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School Corporation's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School Corporation's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 24, 2016

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

The financial statement and accompanying notes were approved by management of the School Corporation. The financial statement and notes are presented as intended by the School Corporation.

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TAYLOR COMMUNITY SCHOOL CORPORATION
 STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Years Ended June 30, 2013 and 2014

Fund	Cash and Investments 07-01-12	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-13	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-14
General	\$ 759,085	\$ 8,610,700	\$ 8,458,946	\$ (51,000)	\$ 859,839	\$ 8,294,949	\$ 8,425,114	\$ (102,000)	\$ 627,674
Debt Service	836,644	1,633,932	1,801,770	-	668,806	1,833,248	1,843,030	48,620	707,644
Retirement/Severance Bond Debt Service	197,399	359,096	390,399	-	166,096	390,844	384,713	-	172,227
Capital Projects	212,346	1,065,560	1,101,008	-	176,898	947,639	1,023,350	-	101,187
School Transportation	317,846	841,146	890,857	-	268,135	755,721	829,299	-	194,557
School Bus Replacement	155,645	80,986	101,398	-	135,233	75,109	60,817	-	149,525
Rainy Day	380,601	-	69,610	-	310,991	-	43,000	-	267,991
Post-Retirement/Severance Future Benefits	351,389	-	102,000	51,000	300,389	-	96,900	102,000	305,489
School Lunch	113,473	628,434	663,386	-	78,521	572,733	551,870	-	99,384
Textbook Rental	(123,436)	188,495	199,049	-	(133,990)	213,799	199,412	-	(119,603)
Educational License Plates	7,172	94	-	-	7,266	56	-	-	7,322
Target Poetry Alive! Grant	140	-	140	-	-	-	-	-	-
LSTA Technology Grant	-	9,426	9,426	-	-	-	-	-	-
Donations for C.O. Use	-	4,196	3,714	-	482	-	482	-	-
Donations for Tech Ed	-	125	117	-	8	125	-	-	133
Summer Food Program Donations	-	-	-	-	-	350	-	-	350
Science Saturday	-	1,055	1,055	-	-	-	-	-	-
Camp Taylor Community Grant	-	5,000	1,772	-	3,228	-	3,228	-	-
Camp Taylor	-	2,745	350	-	2,395	-	2,395	-	-
Walmart Media Class Grant	-	-	-	-	-	701	86	-	615
Preschool Parent Payment	-	-	-	-	-	1,250	-	-	1,250
Inst. Support Special Ed Equipment	542	-	-	-	542	-	-	-	542
Rainbow Gold At Both Ends - THS	300	-	-	-	300	-	-	-	300
CAAVES Study Grant	329	-	78	-	251	-	-	-	251
Purdue High School FACS Grant	24	-	24	-	-	-	-	-	-
Plato Credit Recovery	300	3,075	-	-	3,375	2,480	3,450	-	2,405
TPS PE Equip	97	-	-	-	97	-	97	-	-
Target Start a Fire Grant	-	2,000	2,000	-	-	-	-	-	-
Lowe's TPS Titan Retreat Grant	-	5,000	5,000	-	-	-	-	-	-
Mary Wooldridge Scholarship	711	25	500	-	236	275	500	-	11
E. Karavitis English Scholarship	31	525	500	-	56	450	500	-	6
Taylor Scholarship Fund	1,028	6,275	6,600	-	703	5,075	5,600	-	178
Savannah Gragg Scholarship	959	889	-	-	1,848	525	-	-	2,373
Titans of Taylor	-	770	770	-	-	-	-	-	-
Cheer California Casualty Grant	-	-	-	-	-	1,000	-	-	1,000
New Tech Cell Grant	-	2,133	2,133	-	-	-	-	-	-
High Ability Grant 2011-2012	8,008	-	8,008	-	-	-	-	-	-
High Ability Grant 2012-2013	-	30,938	29,619	-	1,319	-	1,319	-	-
High Ability Grant 2013-2014	-	-	-	-	-	29,605	27,482	-	2,123
Library	181	424	11	-	594	369	722	-	241
Kroger Grant	256	-	-	-	256	-	-	-	256
Education Technology	-	113,906	113,906	-	-	-	-	-	-
Education Technology 2013	-	-	-	-	-	116,500	116,500	-	-
Education Technology STAA 2013	-	-	-	-	-	30,500	30,500	-	-
Secured School Safety Grant	-	-	-	-	-	-	7,489	-	(7,489)
Non-English Speaking Programs P.L. 273-1999	9	1,145	1,154	-	-	1,220	1,220	-	-
School Technology	1,274	5,361	5,189	-	1,446	4,836	6,282	-	-
Technology Plan Grant Program	7,554	9,490	9,374	-	7,670	6,199	9,464	-	4,405
ISTA Settlement 2013	-	-	-	-	-	115,755	115,755	-	-
School Trust of Indiana	1,006	1,750	1,200	-	1,556	-	1,200	-	356
Title I 2011-2012	(4,856)	40,727	35,871	-	-	-	-	-	-
Title I 2012-2013	-	182,095	188,409	-	(6,314)	60,647	54,333	-	-
Title I 2013-2014	-	-	-	-	-	247,460	258,745	-	(11,285)
Special Education Improvement	-	-	-	-	-	67,513	67,513	-	-
Special Education Set Aside	-	-	-	-	-	25,366	25,366	-	-
Title II, Part A	-	47,731	47,731	-	-	47,250	47,250	-	-
Title III - Language Instruction	-	2,795	2,795	-	-	-	-	-	-
Special Education Improvement	-	-	390	-	(390)	-	(390)	-	-
Education Jobs	(10,736)	68,173	57,437	-	-	-	-	-	-
Prepaid Lunch	5,452	1,739	-	-	7,191	(481)	-	-	6,710
Agency Funds	72,662	2,347,497	2,299,207	-	120,952	2,277,272	2,281,583	-	116,641
Totals	\$ 3,293,435	\$ 16,305,453	\$ 16,612,903	\$ -	\$ 2,985,985	\$ 16,126,340	\$ 16,526,176	\$ 48,620	\$ 2,634,769

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

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. 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 accompanying financial statement presents the financial information for the School Corporation.

B. Basis of Accounting

The financial statement is reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory 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.

C. Cash and Investments

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

D. Receipts

Receipts are presented in the aggregate on the face of the financial statement. The aggregate receipts may include the following sources:

Local sources which include taxes, revenue from local governmental units other than school corporations, transfer tuition, transportation fees, investment income, food services, School Corporation activities, revenue from community services activities, and other revenue from local sources.

Intermediate sources which include distributions from the County for fees collected for or on behalf of the School Corporation including educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State sources include distributions from the State of Indiana and are to be used by the School Corporation for various purposes. Included in state sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Federal sources include distributions from the federal government and are to be used by the School Corporation for various purposes. Included in federal sources are unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

Temporary loans which include money received from a loan obtained to pay current expenses prior to the receipt of revenue from taxes levied for that purpose. These loans, sometimes designated tax anticipation warrants, must be repaid from the next semiannual distribution of local property taxes levied for such fund.

Other receipts which include amounts received from various sources which include return of petty cash, return of cash change, insurance claims for losses, sale of securities, and other receipts not listed in another category above.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statement. The aggregate disbursements may include the following uses:

Instruction which includes outflows for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

Support services which include outflows for support services related to students, instruction, general administration, and school administration. It also includes outflows for central services, operation and maintenance of plant services, and student transportation.

Noninstructional services which include outflows for food service operations and community service operations.

Facilities acquisition and construction which includes outflows for the acquisition, development, construction, and improvement of new and existing facilities.

Debt services which include fixed obligations resulting from financial transactions previously entered into by the School Corporation. It includes all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, and self-insurance payments.

F. Other Financing Sources and Uses

Other financing sources and uses are presented in the aggregate on the face of the financial statement. The aggregate other financing sources and uses include the following:

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Proceeds of long-term debt which includes money received in relation to the issuance of bonds or other long-term debt issues.

Transfers in which includes money received by one fund as a result of transferring money from another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

Transfers out which includes money paid by one fund to another fund. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the School Corporation. Each fund is used to account for money received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other funds are internally restricted by the School Corporation. The money accounted for in a specific fund may only be available for use for certain, legally restricted purposes. Additionally, some funds are used to account for assets held by the School Corporation in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and therefore the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the School Corporation submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. 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 percent 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 normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana at year end should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

State statutes authorize the School Corporation to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The School Corporation may be 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; and natural disasters.

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third party. The establishment of a self-insurance fund allows the School Corporation to set aside money for claim settlements. The self-insurance fund would be included in the financial statement. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

The Indiana Public Employees' Retirement Fund (PERF) is a defined benefit pension plan. PERF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

INPRS 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. That report may be obtained by contacting:

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 526-1687

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of INPRS.

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is 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 Indiana Public Retirement System (INPRS) 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 members' contributions, set by state statute at 3 percent 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.

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

Indiana Public Retirement System
One North Capitol, Suite 001
Indianapolis, IN 46204
Ph. (888) 286-3544

Funding Policy and Annual Pension Cost

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.

C. Additional Pension Plan

The School Corporation also contributes to an additional pension plan unique to the School Corporation. Information regarding this plan may be obtained from the School Corporation.

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and disbursements that appear as negative entries. This is a result of errors made in the prior period that were corrected by reversing the original entry. Since the original and correction entries were made in separate periods, negative receipts and/or disbursements were shown in the current period.

TAYLOR COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is a result of the cost of operation exceeding receipts generated and the reimbursement of expenditures from a reimbursable grant not being received by year end.

Note 9. Restatements

For the year ended June 30, 2013, certain changes have been made to some of the beginning balances of the financial statement to more appropriately reflect financial activity of the School Corporation. The following schedule presents a summary of restated beginning balances.

Fund	Balance as of June 30, 2012	Prior Period Adjustment	Balance as of July 1, 2012
Prepaid Lunch	\$ -	\$ 5,452	\$ 5,452
Agency Funds	108,342	(35,680)	72,662

Note 10. Holding Corporation

The School Corporation has entered into a capital lease with Taylor 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 fiscal years 2013 and 2014 totaled \$1,716,153 and \$1,721,491, respectively.

Note 11. Subsequent Events

On September 9, 2015, a resolution was passed by the school board authorizing the sale of bonds. This resolution authorized the issuance of four construction bonds totaling \$7,850,203. The proceeds are to be used for the various construction improvements to the interior and exterior of the school including electrical, HVAC, roofing, playgrounds, and athletic facility updates. The bonds mature on January 10, 2026.

Note 12. Other Postemployment Benefits

The School Corporation provides to eligible retirees and their spouses the following benefit: health insurance. This benefit poses a liability to the School Corporation for this year and in future years. Information regarding this benefit can be obtained by contacting the School Corporation.

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OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's Office. Additionally, some financial information of the School Corporation can be found on the Gateway website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statement contained in this report and the financial information presented in the Financial Reports of the School Corporation which are referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the School Corporation. It is presented as intended by the School Corporation.

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 759,085	\$ 836,644	\$ 197,399	\$ 212,346	\$ 317,846	\$ 155,645	\$ 380,601	\$ 351,389	\$ 113,473
Receipts:									
Local sources	125,391	1,633,932	359,096	683,582	674,780	80,986	-	-	268,352
Intermediate sources	31	-	-	-	-	-	-	-	-
State sources	8,482,299	-	-	-	-	-	-	-	4,818
Federal sources	-	-	-	-	-	-	-	-	354,684
Temporary loans	-	-	-	358,807	166,118	-	-	-	-
Other	2,979	-	-	23,171	248	-	-	-	580
Total receipts	<u>8,610,700</u>	<u>1,633,932</u>	<u>359,096</u>	<u>1,065,560</u>	<u>841,146</u>	<u>80,986</u>	<u>-</u>	<u>-</u>	<u>628,434</u>
Disbursements:									
Current:									
Instruction	5,394,408	-	-	-	-	-	-	102,000	-
Support services	2,945,572	-	-	520,871	673,606	101,398	45,610	-	472
Noninstructional services	118,966	-	-	-	-	-	-	-	662,914
Facilities acquisition and construction	-	-	-	248,799	531	-	24,000	-	-
Debt services	-	1,801,770	390,399	331,338	216,720	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>8,458,946</u>	<u>1,801,770</u>	<u>390,399</u>	<u>1,101,008</u>	<u>890,857</u>	<u>101,398</u>	<u>69,610</u>	<u>102,000</u>	<u>663,386</u>
Excess (deficiency) of receipts over disbursements	<u>151,754</u>	<u>(167,838)</u>	<u>(31,303)</u>	<u>(35,448)</u>	<u>(49,711)</u>	<u>(20,412)</u>	<u>(69,610)</u>	<u>(102,000)</u>	<u>(34,952)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	1,709	-	-	-	-	-	51,000	-
Transfers out	(51,000)	(1,709)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(51,000)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>51,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>100,754</u>	<u>(167,838)</u>	<u>(31,303)</u>	<u>(35,448)</u>	<u>(49,711)</u>	<u>(20,412)</u>	<u>(69,610)</u>	<u>(51,000)</u>	<u>(34,952)</u>
Cash and investments - ending	<u>\$ 859,839</u>	<u>\$ 668,806</u>	<u>\$ 166,096</u>	<u>\$ 176,898</u>	<u>\$ 268,135</u>	<u>\$ 135,233</u>	<u>\$ 310,991</u>	<u>\$ 300,389</u>	<u>\$ 78,521</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Textbook Rental	Educational License Plates	Target Poetry Alive! Grant	LSTA Technology Grant	Donations For C.O. Use	Donations For Tech Ed	Summer Food Program Donations	Science Saturday	Camp Taylor Community Grant
Cash and investments - beginning	\$ (123,436)	\$ 7,172	\$ 140	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	88,415	-	-	-	4,196	125	-	1,055	-
Intermediate sources	-	94	-	-	-	-	-	-	5,000
State sources	53,007	-	-	9,426	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	47,073	-	-	-	-	-	-	-	-
Total receipts	188,495	94	-	9,426	4,196	125	-	1,055	5,000
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	551	1,772
Support services	199,049	-	140	9,426	3,714	117	-	504	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	199,049	-	140	9,426	3,714	117	-	1,055	1,772
Excess (deficiency) of receipts over disbursements	(10,554)	94	(140)	-	482	8	-	-	3,228
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(10,554)	94	(140)	-	482	8	-	-	3,228
Cash and investments - ending	\$ (133,990)	\$ 7,266	\$ -	\$ -	\$ 482	\$ 8	\$ -	\$ -	\$ 3,228

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Camp Taylor	Walmart Media Class Grant	Preschool Parent Payment	Inst. Support Special Ed Equip	Rainbow Gold At Both Ends - THS	CAAVES Study Grant	Purdue High School FACS Grant	Plato Credit Recovery	TPS PE Equip
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 542	\$ 300	\$ 329	\$ 24	\$ 300	\$ 97
Receipts:									
Local sources	2,745	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	3,075	-	-
Total receipts	<u>2,745</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,075</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	350	-	-	-	-	78	24	-	-
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>350</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>78</u>	<u>24</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>2,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(24)</u>	<u>3,075</u>	<u>-</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,395</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(78)</u>	<u>(24)</u>	<u>3,075</u>	<u>-</u>
Cash and investments - ending	<u>\$ 2,395</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 542</u>	<u>\$ 300</u>	<u>\$ 251</u>	<u>\$ -</u>	<u>\$ 3,375</u>	<u>\$ 97</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Target Start A Fire Grant	Lowe's TPS Titan Retreat Grant	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	Savannah Gragg Scholarship	Titans of Taylor	Cheer California Casualty Grant	New Tech Cell Grant
Cash and investments - beginning	\$ -	\$ -	\$ 711	\$ 31	\$ 1,028	\$ 959	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	25	525	6,275	889	-	-	-
Intermediate sources	2,000	5,000	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	770	-	2,133
Total receipts	2,000	5,000	25	525	6,275	889	770	-	2,133
Disbursements:									
Current:									
Instruction	2,000	-	-	-	-	-	-	-	2,133
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	770	-	-
Facilities acquisition and construction	-	5,000	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	500	500	6,600	-	-	-	-
Total disbursements	2,000	5,000	500	500	6,600	-	770	-	2,133
Excess (deficiency) of receipts over disbursements	-	-	(475)	25	(325)	889	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(475)	25	(325)	889	-	-	-
Cash and investments - ending	\$ -	\$ -	\$ 236	\$ 56	\$ 703	\$ 1,848	\$ -	\$ -	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	High Ability Grant 2011-2012	High Ability Grant 2012-2013	High Ability Grant 2013-2014	Library	Kroger Grant	Education Technology	Education Technology 2013	Education Technology STAA 2013	Secured School Safety Grant
Cash and investments - beginning	\$ 8,008	\$ -	\$ -	\$ 181	\$ 256	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	405	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	30,938	-	-	-	113,501	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	424	-	-	-	-	-
Total receipts	-	30,938	-	424	-	113,906	-	-	-
Disbursements:									
Current:									
Instruction	8,008	29,619	-	-	-	-	-	-	-
Support services	-	-	-	11	-	113,906	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	8,008	29,619	-	11	-	113,906	-	-	-
Excess (deficiency) of receipts over disbursements	(8,008)	1,319	-	413	-	-	-	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(8,008)	1,319	-	413	-	-	-	-	-
Cash and investments - ending	\$ -	\$ 1,319	\$ -	\$ 594	\$ 256	\$ -	\$ -	\$ -	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Grant Program	ISTA Settlement 2013	School Trust of Indiana	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	Special Education Improvement
Cash and investments - beginning	\$ 9	\$ 1,274	\$ 7,554	\$ -	\$ 1,006	\$ (4,856)	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	6,816	-	1,750	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	1,145	5,361	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	40,727	182,095	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	2,674	-	-	-	-	-	-
Total receipts	1,145	5,361	9,490	-	1,750	40,727	182,095	-	-
Disbursements:									
Current:									
Instruction	1,154	-	-	-	-	24,973	126,064	-	-
Support services	-	5,189	960	-	1,200	10,898	61,601	-	-
Noninstructional services	-	-	-	-	-	-	744	-	-
Facilities acquisition and construction	-	-	8,414	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,154	5,189	9,374	-	1,200	35,871	188,409	-	-
Excess (deficiency) of receipts over disbursements	(9)	172	116	-	550	4,856	(6,314)	-	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(9)	172	116	-	550	4,856	(6,314)	-	-
Cash and investments - ending	\$ -	\$ 1,446	\$ 7,670	\$ -	\$ 1,556	\$ -	\$ (6,314)	\$ -	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2013
 (Continued)

	Special Education Set Aside	Title II, Part A	Title III - Language Instruction	Special Education Improvement	Education Jobs	Prepaid Lunch	Agency Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ (10,736)	\$ 5,452	\$ 72,662	\$ 3,293,435
Receipts:								
Local sources	-	-	-	-	-	-	-	3,939,340
Intermediate sources	-	-	-	-	-	-	-	12,125
State sources	-	-	2,795	-	-	-	-	8,703,290
Federal sources	-	47,731	-	-	68,173	-	-	693,410
Temporary loans	-	-	-	-	-	-	-	524,925
Other	-	-	-	-	-	1,739	2,347,497	2,432,363
Total receipts	-	47,731	2,795	-	68,173	1,739	2,347,497	16,305,453
Disbursements:								
Current:								
Instruction	-	47,731	2,795	390	49,180	-	-	5,793,230
Support services	-	-	-	-	8,257	-	-	4,702,501
Noninstructional services	-	-	-	-	-	-	-	783,394
Facilities acquisition and construction	-	-	-	-	-	-	-	286,744
Debt services	-	-	-	-	-	-	-	2,740,227
Nonprogrammed charges	-	-	-	-	-	-	2,299,207	2,306,807
Total disbursements	-	47,731	2,795	390	57,437	-	2,299,207	16,612,903
Excess (deficiency) of receipts over disbursements	-	-	-	(390)	10,736	1,739	48,290	(307,450)
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	52,709
Transfers out	-	-	-	-	-	-	-	(52,709)
Total other financing sources (uses)	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	(390)	10,736	1,739	48,290	(307,450)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ (390)	\$ -	\$ 7,191	\$ 120,952	\$ 2,985,985

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post- Retirement/ Severance Future Benefits	School Lunch
Cash and investments - beginning	\$ 859,839	\$ 668,806	\$ 166,096	\$ 176,898	\$ 268,135	\$ 135,233	\$ 310,991	\$ 300,389	\$ 78,521
Receipts:									
Local sources	80,237	1,833,248	390,844	676,702	593,971	75,109	-	-	225,010
Intermediate sources	31	-	-	-	-	-	-	-	-
State sources	8,210,151	-	-	-	-	-	-	-	4,461
Federal sources	-	-	-	-	-	-	-	-	341,079
Temporary loans	-	-	-	269,995	159,504	-	-	-	-
Other	4,530	-	-	942	2,246	-	-	-	2,183
Total receipts	<u>8,294,949</u>	<u>1,833,248</u>	<u>390,844</u>	<u>947,639</u>	<u>755,721</u>	<u>75,109</u>	<u>-</u>	<u>-</u>	<u>572,733</u>
Disbursements:									
Current:									
Instruction	5,326,138	-	-	-	-	-	-	96,900	-
Support services	2,998,149	-	-	476,633	650,510	60,817	43,000	-	325
Noninstructional services	100,827	-	-	-	-	-	-	-	551,545
Facilities acquisition and construction	-	-	-	316,755	12,671	-	-	-	-
Debt services	-	1,843,030	384,713	229,962	166,118	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>8,425,114</u>	<u>1,843,030</u>	<u>384,713</u>	<u>1,023,350</u>	<u>829,299</u>	<u>60,817</u>	<u>43,000</u>	<u>96,900</u>	<u>551,870</u>
Excess (deficiency) of receipts over disbursements	<u>(130,165)</u>	<u>(9,782)</u>	<u>6,131</u>	<u>(75,711)</u>	<u>(73,578)</u>	<u>14,292</u>	<u>(43,000)</u>	<u>(96,900)</u>	<u>20,863</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	48,620	-	-	-	-	-	-	-
Transfers in	-	5,353	-	-	-	-	-	102,000	-
Transfers out	(102,000)	(5,353)	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>(102,000)</u>	<u>48,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>102,000</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(232,165)</u>	<u>38,838</u>	<u>6,131</u>	<u>(75,711)</u>	<u>(73,578)</u>	<u>14,292</u>	<u>(43,000)</u>	<u>5,100</u>	<u>20,863</u>
Cash and investments - ending	<u>\$ 627,674</u>	<u>\$ 707,644</u>	<u>\$ 172,227</u>	<u>\$ 101,187</u>	<u>\$ 194,557</u>	<u>\$ 149,525</u>	<u>\$ 267,991</u>	<u>\$ 305,489</u>	<u>\$ 99,384</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Textbook Rental	Educational License Plates	Target Poetry Alive! Grant	LSTA Technology Grant	Donations For C.O. Use	Donations For Tech Ed	Summer Food Program Donations	Science Saturday	Camp Taylor Community Grant
Cash and investments - beginning	\$ (133,990)	\$ 7,266	\$ -	\$ -	\$ 482	\$ 8	\$ -	\$ -	\$ 3,228
Receipts:									
Local sources	110,748	-	-	-	-	125	350	-	-
Intermediate sources	-	56	-	-	-	-	-	-	-
State sources	50,718	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	52,333	-	-	-	-	-	-	-	-
Total receipts	<u>213,799</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>125</u>	<u>350</u>	<u>-</u>	<u>-</u>
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	3,228
Support services	199,412	-	-	-	482	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	<u>199,412</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,228</u>
Excess (deficiency) of receipts over disbursements	<u>14,387</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>(482)</u>	<u>125</u>	<u>350</u>	<u>-</u>	<u>(3,228)</u>
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>14,387</u>	<u>56</u>	<u>-</u>	<u>-</u>	<u>(482)</u>	<u>125</u>	<u>350</u>	<u>-</u>	<u>(3,228)</u>
Cash and investments - ending	<u>\$ (119,603)</u>	<u>\$ 7,322</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 133</u>	<u>\$ 350</u>	<u>\$ -</u>	<u>\$ -</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Camp Taylor	Walmart Media Class Grant	Preschool Parent Payment	Inst. Support Special Ed Equip	Rainbow Gold At Both Ends - THS	CAAVES Study Grant	Purdue High School FACS Grant	Plato Credit Recovery	TPS PE Equip
Cash and investments - beginning	\$ 2,395	\$ -	\$ -	\$ 542	\$ 300	\$ 251	\$ -	\$ 3,375	\$ 97
Receipts:									
Local sources	-	-	1,250	-	-	-	-	-	-
Intermediate sources	-	701	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	2,480	-
Total receipts	-	701	1,250	-	-	-	-	2,480	-
Disbursements:									
Current:									
Instruction	2,395	86	-	-	-	-	-	3,450	97
Support services	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	2,395	86	-	-	-	-	-	3,450	97
Excess (deficiency) of receipts over disbursements	(2,395)	615	1,250	-	-	-	-	(970)	(97)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(2,395)	615	1,250	-	-	-	-	(970)	(97)
Cash and investments - ending	\$ -	\$ 615	\$ 1,250	\$ 542	\$ 300	\$ 251	\$ -	\$ 2,405	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Target Start A Fire Grant	Lowe's TPS Titan Retreat Grant	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	Savannah Gragg Scholarship	Titans of Taylor	Cheer California Casualty Grant	New Tech Cell Grant
Cash and investments - beginning	\$ -	\$ -	\$ 236	\$ 56	\$ 703	\$ 1,848	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	275	450	5,075	525	-	-	
Intermediate sources	-	-	-	-	-	-	-	1,000	
State sources	-	-	-	-	-	-	-	-	
Federal sources	-	-	-	-	-	-	-	-	
Temporary loans	-	-	-	-	-	-	-	-	
Other	-	-	-	-	-	-	-	-	
Total receipts	-	-	275	450	5,075	525	1,000	-	
Disbursements:									
Current:									
Instruction	-	-	-	-	-	-	-	-	
Support services	-	-	-	-	-	-	-	-	
Noninstructional services	-	-	-	-	-	-	-	-	
Facilities acquisition and construction	-	-	-	-	-	-	-	-	
Debt services	-	-	-	-	-	-	-	-	
Nonprogrammed charges	-	-	500	500	5,600	-	-	-	
Total disbursements	-	-	500	500	5,600	-	-	-	
Excess (deficiency) of receipts over disbursements	-	-	(225)	(50)	(525)	525	1,000	-	
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	
Transfers in	-	-	-	-	-	-	-	-	
Transfers out	-	-	-	-	-	-	-	-	
Total other financing sources (uses)	-	-	-	-	-	-	-	-	
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	(225)	(50)	(525)	525	1,000	-	
Cash and investments - ending	\$ -	\$ -	\$ 11	\$ 6	\$ 178	\$ 2,373	\$ -	\$ 1,000	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	High Ability Grant 2011-2012	High Ability Grant 2012-2013	High Ability Grant 2013-2014	Library	Kroger Grant	Education Technology	Education Technology 2013	Education Technology STAA 2013	Secured School Safety Grant
Cash and investments - beginning	\$ -	\$ 1,319	\$ -	\$ 594	\$ 256	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	29,605	-	-	-	116,500	30,500	-
Federal sources	-	-	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	-	369	-	-	-	-	-
Total receipts	-	-	29,605	369	-	-	116,500	30,500	-
Disbursements:									
Current:									
Instruction	-	1,319	27,482	-	-	-	-	-	-
Support services	-	-	-	722	-	-	116,500	30,500	-
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	7,489
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	-	1,319	27,482	722	-	-	116,500	30,500	7,489
Excess (deficiency) of receipts over disbursements	-	(1,319)	2,123	(353)	-	-	-	-	(7,489)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,319)	2,123	(353)	-	-	-	-	(7,489)
Cash and investments - ending	\$ -	\$ -	\$ 2,123	\$ 241	\$ 256	\$ -	\$ -	\$ -	\$ (7,489)

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Non-English Speaking Programs P.L. 273-1999	School Technology	Technology Plan Grant Program	ISTA Settlement 2013	School Trust of Indiana	Title I 2011-2012	Title I 2012-2013	Title I 2013-2014	Special Education Improvement
Cash and investments - beginning	\$ -	\$ 1,446	\$ 7,670	\$ -	\$ 1,556	\$ -	\$ (6,314)	\$ -	\$ -
Receipts:									
Local sources	-	-	-	115,755	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	1,220	4,836	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	60,647	247,460	67,513
Temporary loans	-	-	-	-	-	-	-	-	-
Other	-	-	6,199	-	-	-	-	-	-
Total receipts	1,220	4,836	6,199	115,755	-	-	60,647	247,460	67,513
Disbursements:									
Current:									
Instruction	1,220	-	-	-	-	-	39,691	218,612	67,513
Support services	-	6,282	1,300	115,755	1,200	-	14,642	39,924	-
Noninstructional services	-	-	-	-	-	-	-	209	-
Facilities acquisition and construction	-	-	8,164	-	-	-	-	-	-
Debt services	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	1,220	6,282	9,464	115,755	1,200	-	54,333	258,745	67,513
Excess (deficiency) of receipts over disbursements	-	(1,446)	(3,265)	-	(1,200)	-	6,314	(11,285)	-
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,446)	(3,265)	-	(1,200)	-	6,314	(11,285)	-
Cash and investments - ending	\$ -	\$ -	\$ 4,405	\$ -	\$ 356	\$ -	\$ -	\$ (11,285)	\$ -

TAYLOR COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -
 REGULATORY BASIS
 For the Year Ended June 30, 2014
 (Continued)

	Special Education Set Aside	Title II, Part A	Title III - Language Instruction	Special Education Improvement	Education Jobs	Prepaid Lunch	Agency Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ (390)	\$ -	\$ 7,191	\$ 120,952	\$ 2,985,985
Receipts:								
Local sources	25,366	-	-	-	-	-	-	4,135,040
Intermediate sources	-	-	-	-	-	-	-	1,788
State sources	-	-	-	-	-	-	-	8,447,991
Federal sources	-	47,250	-	-	-	-	-	763,949
Temporary loans	-	-	-	-	-	-	-	429,499
Other	-	-	-	-	-	(481)	2,277,272	2,348,073
Total receipts	<u>25,366</u>	<u>47,250</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(481)</u>	<u>2,277,272</u>	<u>16,126,340</u>
Disbursements:								
Current:								
Instruction	25,366	47,250	-	(390)	-	-	-	5,860,357
Support services	-	-	-	-	-	-	-	4,756,153
Noninstructional services	-	-	-	-	-	-	-	652,581
Facilities acquisition and construction	-	-	-	-	-	-	-	345,079
Debt services	-	-	-	-	-	-	-	2,623,823
Nonprogrammed charges	-	-	-	-	-	-	2,281,583	2,288,183
Total disbursements	<u>25,366</u>	<u>47,250</u>	<u>-</u>	<u>(390)</u>	<u>-</u>	<u>-</u>	<u>2,281,583</u>	<u>16,526,176</u>
Excess (deficiency) of receipts over disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>390</u>	<u>-</u>	<u>(481)</u>	<u>(4,311)</u>	<u>(399,836)</u>
Other financing sources (uses):								
Proceeds of long-term debt	-	-	-	-	-	-	-	48,620
Transfers in	-	-	-	-	-	-	-	107,353
Transfers out	-	-	-	-	-	-	-	(107,353)
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>48,620</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>-</u>	<u>-</u>	<u>-</u>	<u>390</u>	<u>-</u>	<u>(481)</u>	<u>(4,311)</u>	<u>(351,216)</u>
Cash and investments - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,710</u>	<u>\$ 116,641</u>	<u>\$ 2,634,769</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2014

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 103,202</u>	<u>\$ 18,774</u>

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF LEASES AND DEBT
June 30, 2014

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crossroads Bank	Staff and Student Computers	\$ 110,498	4/11/2011	6/1/2015
Crossroads Bank	Student Computers	16,523	7/27/2012	7/1/2016
Crossroads Bank	Student Computers and iPads	57,474	7/3/2013	7/1/2017
Crossroads Bank	Computer Network and Telephone	30,690	2/21/2013	3/30/2017
Crossroads Bank	Lawn Equipment	9,434	2/21/2013	1/1/2015
Pitney Bowes	Postage Meter Lease	1,824	5/19/2010	3/31/2015
Pitney Bowes	Postage Meter Lease	420	12/10/2009	12/31/2014
Ricoh USA INC.	Copier Lease	57,711	5/14/2014	5/31/2019
Taylor School Building Corporation	Building Lease	1,665,000	4/19/2005	6/30/2020
Taylor School Building Corporation	QSCB Building Lease	<u>107,906</u>	12/9/2010	12/31/2022
Total governmental activities		<u>2,057,480</u>		
Total of annual lease payments		<u>\$ 2,057,480</u>		

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 800,036	\$ 387,995
Tax anticipation warrants	Temporary Tax Anticipation Warrants	344,728	469,391
Notes and loans payable	Common School Loans for Technology	<u>157,526</u>	<u>61,218</u>
Total governmental activities		<u>1,302,290</u>	<u>918,604</u>
Totals		<u>\$ 1,302,290</u>	<u>\$ 918,604</u>

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TAYLOR COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2014

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.

	Ending Balance
Governmental activities:	
Land	\$ 64,787
Buildings	31,294,449
Improvements other than buildings	2,292,918
Machinery, equipment, and vehicles	2,821,740
Total governmental activities	36,473,894
Total capital assets	\$ 36,473,894

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

Telephone: (317) 232-2513
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

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

Report on Compliance for Each Major Federal Program

We have audited the Taylor Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the School Corporation's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the School Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the period of July 1, 2012 to June 30, 2014.

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
(Continued)

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-004. Our opinion on each major federal program is not modified with respect to these matters.

The School Corporation's response to the noncompliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control Over Compliance


Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified certain deficiencies in internal control over compliance that we consider to be material weaknesses.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. We consider the deficiencies in internal control over compliance described in the accompanying Schedule of Findings and Questioned Costs as items 2014-002 and 2014-003 to be material weaknesses.

The School Corporation's response to the internal control over compliance findings identified in our audit is described in the accompanying Corrective Action Plan. The School Corporation's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

March 24, 2016

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SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND ACCOMPANYING NOTES

The Schedule of Expenditures of Federal Awards and accompanying notes presented were approved by management of the School Corporation. The schedule and notes are presented as intended by the School Corporation.

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TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Years Ended June 30, 2013 and 2014

Federal Grantor Agency Cluster Title/Program Title/Project Title	Pass-Through Entity or Direct Grant	Federal CFDA Number	Pass-Through Entity (or Other) Identifying Number	Total Federal Awards Expended 06-30-13	Total Federal Awards Expended 06-30-14
U.S. DEPARTMENT OF AGRICULTURE					
Child Nutrition Cluster					
School Breakfast Program	Indiana Department of Education	10.553	3640	\$ 59,482	\$ 62,553
National School Lunch Program		10.555	3640	315,370	300,448
Summer Food Service Program for Children		10.559	3640	16,998	10,702
Total - Child Nutrition Cluster				<u>391,850</u>	<u>373,703</u>
Total - U.S. Department of Agriculture				<u>391,850</u>	<u>373,703</u>
U.S. DEPARTMENT OF EDUCATION					
Title I, Part A Cluster	Indiana Department of Education	84.010	12-3640	40,727	-
Title I Grants to Local Educational Agencies			13-3460	182,094	60,647
			14-3460	-	247,460
Total - Title I, Part A Cluster				<u>222,821</u>	<u>308,107</u>
Special Education Cluster (IDEA)					
Special Education_Grants to States	Indiana Department of Education	84.027A	A58-3-13DL-1502	-	67,513
Special Education_Grants to States	Indiana Department of Education	84.027	14211-035-PN01	32,375	-
			14212-035-PN01	300,194	-
			14213-035-PN01	98,813	211,627
			14214-035-PN01	-	100,313
			99914-035-TA01	-	2,137
Total - Special Education_Grants to States				<u>431,382</u>	<u>314,077</u>
Special Education_Preschool Grants	Indiana Department of Education	84.173	45711-35-PN01	2,124	-
			45712-35-PN01	7,444	2,716
			45713-35-PN01	11,392	2,543
			45714-35-PN01	-	5,769
Total - Special Education_Preschool Grants				<u>20,960</u>	<u>11,028</u>
Total - Special Education Cluster (IDEA)				<u>452,342</u>	<u>392,618</u>
English Language Acquisition State Grants	Wabash Valley Education Center	84.365	3460	2,794	-
Improving Teacher Quality State Grants	Indiana Department of Education	84.367	12-3460	7,731	4,227
			13-3460	40,000	3,957
			14-3460	-	39,066
Total - Improving Teacher Quality State Grants				<u>47,731</u>	<u>47,250</u>
Education Jobs Fund	Indiana Department of Education	84.410	3460	68,173	-
Total - U.S. Department of Education				<u>793,861</u>	<u>747,975</u>
Total federal awards expended				<u>\$ 1,185,711</u>	<u>\$ 1,121,678</u>

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

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the School Corporation and is presented in accordance with the cash and investment basis of accounting used in the preparation of the financial statement. Accordingly, the amount of federal awards expended is based on when the disbursement related to the award occurs except when the federal award is received on a reimbursement basis. In these instances the federal awards are considered expended when the reimbursement is received.

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 Indiana Code (IC 5-11-1-25), audits of school corporations shall be conducted biennially. Such audits shall include both years within the biennial period.

Note 2. Noncash Assistance

The School Corporation expended the following amount of noncash assistance for the years ending June 30, 2013 and 2014. This noncash assistance is also included in the federal expenditures presented in the schedule.

Program Title	Federal CFDA Number	2013	2014
National School Lunch Program	10.555	\$ 37,166	\$ 32,624

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Noncompliance material to financial statement noted?	yes

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiencies identified?	none reported
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with section .510(a) of OMB Circular A-133?	yes

Identification of Major Programs:

Name of Federal Program or Cluster

Title I, Part A Cluster
Special Education Cluster (IDEA)

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

FINDING 2014-001 - PREPARATION OF THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

The School Corporation did not have a proper system of internal control in place to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Treasurer prepared and submitted the SEFA through the Gateway system. However, there was no additional oversight of the SEFA information. The School Corporation should have proper controls in place over the preparation of the SEFA to ensure accurate reporting of federal awards. Without a proper system of internal control in place that operates effectively, material misstatements of the SEFA could remain undetected.

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

During the audit of the SEFA, we noted the following errors:

Total federal expenditures were incorrectly reported due to commodities being omitted from the SEFA. Special Education monies handled through Kokomo Area Special Education Cooperative were left off of the SEFA. Information such as program title, pass-through entity, and pass-through identifying number was omitted for some grant awards. Audit adjustments were proposed, accepted by the School Corporation, and made to the SEFA presented in this report.

Governmental units should have internal controls in effect which provide reasonable assurance regarding the reliability of financial information and records, effectiveness and efficiency of operations, proper execution of management's objectives, and compliance with laws and regulations. Among other things, segregation of duties, safeguarding controls over cash and all other assets, and all forms of information processing are necessary for proper internal control.

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements, and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 9)

OMB Circular A-133, Subpart C, section .300 states in part: "The auditee shall: . . . (d) Prepare appropriate financial statements, including the schedule of expenditures of Federal Awards in accordance with section .310."

OMB Circular A-133, Subpart C, section .310(b) states:

"Schedule of expenditures of Federal awards. The auditee shall also prepare a schedule of expenditures of Federal awards for the period covered by the auditee's financial statements. While not required, the auditee may choose to provide information requested by Federal awarding agencies and pass-through entities to make the schedule easier to use. For example, when a Federal program has multiple award years, the auditee may list the amount of Federal awards expended for each award year separately. At a minimum, the schedule shall:

- (1) List individual Federal programs by Federal agency. For Federal programs included in a cluster of programs, list individual Federal programs within a cluster of programs. For R&D, total Federal awards expended shall be shown either by individual award or by Federal agency and major subdivision within the Federal agency. For example, the National Institutes of Health is a major subdivision in the Department of Health and Human Services.
- (2) For Federal awards received as a subrecipient, the name of the pass-through entity and identifying number assigned by the pass-through entity shall be included.
- (3) Provide total Federal awards expended for each individual Federal program and the CFDA number or other identifying number when the CFDA information is not available.

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

- (4) Include notes that describe the significant accounting policies used in preparing the schedule.
- (5) To the extent practical, pass-through entities should identify in the schedule the total amount provided to subrecipients from each Federal program.
- (6) Include, in either the schedule or a note to the schedule, the value of the Federal awards expended in the form of non-cash assistance, the amount of insurance in effect during the year, and loans or loan guarantees outstanding at year end. While not required, it is preferable to present this information in the schedule."

Section III - Federal Award Findings and Questioned Costs

FINDING 2014-002 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education

Federal Program: Special Education_Grants to States

CFDA Number: 84.027

Federal Award Number and Year (or Other Identifying Number): 14211-035-PN01, 14212-035-PN01,
14213-035-PN01, 14214-035-PN01

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to its grant agreements and the Allowable Costs/Cost Principles compliance requirements. The School Corporation is a member of the Kokomo Area Special Education Cooperative (KASEC), and they provide oversight of KASEC through the School Corporation Superintendent who serves as a member of the KASEC Board. However, KASEC has not established an effective internal control system in relation to Allowable Costs/Cost Principles.

The failure to establish an effective internal control system resulted in the School Corporation being in noncompliance with Allowable Costs/Cost Principles compliance requirements related to its Special Education grants. Semi-Annual Certification Activity Reports for fiscal year 2014 could not be located by KASEC, and therefore were not presented for audit.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-87, Attachment B, paragraph 8h(3) states:

"Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having firsthand knowledge of the work performed by the employee."

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls enabled material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-003 - INTERNAL CONTROL OVER ACTIVITIES ALLOWED OR UNALLOWED, ALLOWABLE COSTS/COST PRINCIPLES, CASH MANAGEMENT, EQUIPMENT AND REAL PROPERTY MANAGEMENT, PERIOD OF AVAILABILITY, REPORTING, AND SPECIAL TESTS AND PROVISIONS

Federal Agency: U.S. Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Number and Year (or Other Identifying Number): 12-3460, 13-3640, 14-3460

Pass-Through Entity: Indiana Department of Education

Management of the School Corporation has not established an effective internal control system, which would include segregation of duties, related to the grant agreement and the following compliance requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles, Cash Management, Equipment and Real Property Management, Period of Availability, Reporting, and Special Tests and Provisions.

There was a lack of segregation of duties regarding the following compliance requirements:

Activities Allowed or Unallowed, Allowable Costs/Cost Principles, and Period of Availability

The Deputy Treasurer is the sole person responsible for the preparation of payroll, which is 90 percent of the grant, with no oversight or review.

Cash Management and Reporting

The Treasurer/Business Manager is the sole person responsible for the preparation and submission of the monthly Request for Reimbursement and the Annual Financial Reports with no oversight or review.

Equipment and Real Property Management

The Technology Director is the sole person responsible for purchasing and maintaining the inventory of electronic equipment with no oversight or review.

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

*Special Tests and Provisions - Schoolwide Programs and
Highly Qualified Teachers and Paraprofessionals*

The Principals at the schools are the sole persons responsible for the verification of teachers and paraprofessionals qualifications. The principals are the sole persons responsible for the creation of the schoolwide improvement plans with no oversight or review.

The failure to establish an effective internal control system places the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements. A lack of segregation of duties within an internal control system could also allow noncompliance with compliance requirements and allow the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the program.

An internal control system, including segregation of duties, should be designed and operate effectively to provide reasonable assurance that material noncompliance with the grant agreement or a compliance requirement of a federal program will be prevented, or detected and corrected, on a timely basis. In order to have an effective internal control system, it is important to have proper segregation of duties. This is accomplished by making sure proper oversight, reviews, and approvals take place and to have a separation of functions over certain activities related to the program. The fundamental premise of segregation of duties is that an individual or small group of individuals should not be in a position to initiate, approve, undertake, and review the same activity.

OMB Circular A-133, Subpart C, section .300 states in part:

"The auditee shall: . . . (b) Maintain internal control over Federal programs that provides reasonable assurance that the auditee is managing Federal awards in compliance with laws, regulations, and the provisions of contracts or grant agreements that could have a material effect on each of its Federal programs."

The failure to establish internal controls could enable material noncompliance to go undetected. Noncompliance with the grant agreement or the compliance requirements could result in the loss of federal funds to the School Corporation.

We recommended that the School Corporation's management establish controls, including segregation of duties, related to the grant agreement and compliance requirements listed above.

FINDING 2014-004 - ALLOWABLE COSTS/COST PRINCIPLES

Federal Agency: U.S. Department of Education
Federal Program: Title I Grants to Local Educational Agencies
CFDA Number: 84.010
Federal Award Number and Year (or Other Identifying Number): 12-3460, 13-3640, 14-3460
Pass-Through Entity: Indiana Department of Education

The School Corporation is in noncompliance with the Allowable Costs/Cost Principles compliance requirements related to its Title I Grants. For those employees that were paid entirely from Title I funds, the School Corporation did not include their names on a Semi-Annual Certification Activity Report. For employees that were paid partially from Special Education funds, there were no personnel activity reports maintained to ensure that payments were properly allocated between federal and non-federal funds as required.

TAYLOR COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)

OMB Circular A-87, Attachment B, item 8h states in part:

- "(3) Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi-annually and will be signed by the employee or supervisory official having first-hand knowledge of the work performed by the employee.
- (4) Where employees work on multiple activities or cost objectives, a distribution of their salaries or wages will be supported by personnel activity reports or equivalent documentation which meets the standards in subsection (5) unless a statistical sampling system (see subsection (6)) or other substitute system has been approved by the cognizant Federal agency.
- (a) More than one Federal award,
 - (b) A federal award and a non Federal award,
 - (c) An indirect cost activity and a direct cost activity,
 - (d) Two or more indirect activities which are allocated using different allocation bases, or
 - (e) An unallowable activity and a direct or indirect cost activity."

The failure to maintain Semi-Annual Certification Activity Reports and personnel activity reports could result in improper salary payments being made to employees from Title I funding.

We recommended that the School Corporation's management establish records that comply with the compliance requirement listed above.

AUDITEE PREPARED DOCUMENT

The subsequent document was provided by management of the School Corporation. The document is presented as intended by the School Corporation.

CORRECTIVE ACTION PLAN

FINDING 2014-001

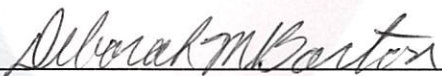
Contact Person Responsible for Corrective Action: Deborah Barton

Contact Phone Number: 765-453-3035

Description of Corrective Action Plan:

The Cafeteria Director will provide the total commodities amount to the Corporation Treasurer, who will include them on the SEFA. Special Education monies handled through KASEC were included on the subsequent 2015 SEFA and will be on all other subsequent SEFA's. The SEFA will be reviewed by the Superintendent to ensure all information is complete and accurate before it is submitted on Gateway.

Anticipated Completion Date: June 30, 2016



Treasurer

March 24, 2016



CORRECTIVE ACTION PLAN

FINDING 2014-002

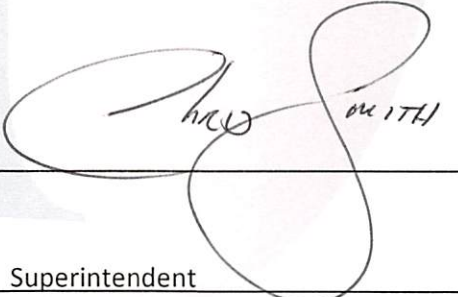
Contact Person Responsible for Corrective Action: Christopher Smith

Contact Phone Number: 765-453-3035

Description of Corrective Action Plan:

Per Suzie Reagle, Director of Special Education, KASEC, all required time and effort documentation is currently maintained in accordance with federal requirements. Controls were in place for the 2014-15 school year and remain in place. This maintenance of documentation will be continued as required. As a member of the KASEC advisory board, the superintendent will ensure the documentation is maintained.

Anticipated Completion Date: Immediate



Superintendent

March 24, 2016



TAYLOR COMMUNITY SCHOOL CORPORATION

3750 E. 300 S., Kokomo, IN 46902 • ph: 765.453.3035 fx: 765.455.8531

CORRECTIVE ACTION PLAN

FINDING 2014-003

Contact Person Responsible for Corrective Action: Pam Stamm/Michelle Haus

Contact Phone Number: 765-453-3800/765-453-3035

Description of Corrective Action Plan:

The Title I payroll distribution report for each payroll will be sent to the Title I Director for signature and verification that the proper employees were paid from the Title I grant. The signed for will be kept in the Title I grant file in the corporation office.

The monthly Request for Reimbursement and Annual Year-End Financial Reports and supporting documents will be sent to the Title I Director for verification and signature before being submitted to the Department of Education.

Electronic equipment orders to be purchased from the Title I grant will be sent to the Title I Director for signature before the purchase is made. The Title I Director will keep a separate inventory of electronic equipment purchased with Title I funds.


The Principals will obtain paper documentation of teachers and paraprofessionals qualifications and send it to the Deputy Treasurer, who will review it and file it in the employees' personnel files. The Superintendent will review and sign the schoolwide improvement plans, prepared by the principals.

Anticipated Completion Date: March 17, 2016



_____ Title I Director

_____ March 24, 2016



_____ Deputy Treasurer

_____ March 24, 2016



CORRECTIVE ACTION PLAN

FINDING 2014-004

Contact Person Responsible for Corrective Action: Pam Stamm

Contact Phone Number: 765-453-3800

Description of Corrective Action Plan:

The Title I Director will prepare Semi-Annual Activity Reports for employees that are paid entirely from Title I funds and obtain Time and Effort logs from employees that are partially paid from federal and non-federal funds to ensure proper allocation of payments.

Anticipated Completion Date: February 15, 2016



Pamela L. Stamm

Title I Director

March 24, 2016



OTHER REPORTS

In addition to this report, other reports may have been issued for the School Corporation. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.