

**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, 2014 to June 30, 2016



**FILED**  
04/18/2018



TABLE OF CONTENTS

<u>Description</u>	<u>Page</u>
Schedule of Officials .....	2
Independent Auditor's Report .....	3-5
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 <i>Government Auditing Standards</i> .....	6-7
Financial Statement and Accompanying Notes:	
Statement of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	11
Notes to Financial Statement .....	12-17
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis.....	20-35
Schedule of Payables and Receivables .....	37
Schedule of Leases and Debt .....	38
Schedule of Capital Assets.....	39
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	42-43
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards.....	47
Notes to Schedule of Expenditures of Federal Awards .....	48
Schedule of Findings and Questioned Costs .....	49-51
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings.....	54-56
Corrective Action Plan .....	57
Other Reports.....	58

SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Deborah Barton	07-01-14 to 06-30-18
Superintendent of Schools	Christopher Smith	07-01-14 to 06-30-18
President of the School Board	Dennis Marler	07-01-14 to 12-31-18



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 2014 to June 30, 2016, 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 from 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 to 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, 2014 to June 30, 2016.

***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, 2014 to June 30, 2016, 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 April 2, 2018, 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 solely 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 effectiveness of the School Corporation's 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

April 2, 2018



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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, 2014 to June 30, 2016, and the related notes to the financial statement, and have issued our report thereon dated April 2, 2018, 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.

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 a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section 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. Given these limitations, during our audit we did not identify any deficiency in internal control that we consider to be a material weakness. However, material weaknesses may exist that have not been identified.


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

**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

April 2, 2018

(This page intentionally left blank.)

## 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.

(This page intentionally left blank.)

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, 2015 and 2016

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-14	Receipts	Disbursements		06-30-15	Receipts	Disbursements		
General	\$ 627,667	\$ 8,043,247	\$ 8,066,241	\$ (249)	\$ 604,424	\$ 8,099,479	\$ 7,804,743	\$ -	\$ 899,160
Debt Service	707,645	1,671,825	1,824,208	(148,595)	406,667	2,080,226	1,906,798	-	580,095
Retirement/Severance Bond Debt Service	172,229	355,946	387,995	(32,743)	107,437	244,396	389,835	40,000	1,998
Capital Projects	101,189	877,908	969,389	89,372	99,080	746,297	772,369	-	73,008
School Transportation	194,555	785,755	808,909	81,467	252,868	678,625	858,941	-	72,552
School Bus Replacement	149,523	82,791	91,557	10,748	151,505	67,270	192,543	-	26,232
Rainy Day	267,991	-	88,275	-	179,716	-	111,218	(40,000)	28,498
Post-Retirement/Severance Future Benefits	305,489	-	105,856	-	199,633	-	76,500	-	123,133
Construction	-	-	-	-	-	20,353	19,991	-	362
School Lunch	99,382	556,334	589,503	-	66,213	604,462	598,414	-	72,261
Textbook Rental	(119,602)	246,095	209,260	-	(82,767)	222,359	298,216	-	(158,624)
Levy Excess	-	35	-	-	35	-	-	-	35
Educational License Plates	7,321	56	-	-	7,377	38	-	-	7,415
Donations for C.O. Use	-	-	-	-	-	600	-	-	600
Donations for Tech Ed	133	125	-	-	258	-	258	-	-
Summer Food Program Donations	350	1	190	-	161	-	-	-	161
Community Service Learning Day	-	-	-	-	-	350	-	-	350
Walmart Media Class Grant	615	-	-	-	615	-	14	-	601
Preschool Parent Payment	1,250	28,235	3,017	-	26,468	25,186	6,675	-	44,979
Inst. Support Special Ed Equipment	542	-	-	-	542	-	542	-	-
State Farm Grant for Dog	-	2,080	619	-	1,461	-	1,461	-	-
Rainbow Gold At Both Ends - THS	300	-	-	-	300	-	-	-	300
CAAVES Study Grant	250	-	110	-	140	-	140	-	-
Plato Credit Recovery	2,405	1,815	2,900	-	1,320	750	1,508	-	562
Mary Wooldridge Scholarship	11	725	500	-	236	700	500	-	436
E. Karavitis English Scholarship	6	750	1,000	250	6	1,000	1,000	-	6
Taylor Scholarship Fund	178	7,549	6,250	(250)	1,227	6,305	5,500	-	2,032
Savannah Gragg Scholarship	2,373	-	-	-	2,373	145	-	-	2,518
Titans of Taylor	-	920	920	-	-	-	-	-	-
Cheer California Casualty Grant	1,000	-	1,000	-	-	-	-	-	-
Formative Assessment	-	-	-	-	-	3,963	3,780	-	183
IN Preschool Grants	2,123	-	2,123	-	-	-	-	-	-
High Ability Grant 2014-2015	-	29,520	13,215	-	16,305	-	16,305	-	-
High Ability Grant 2015-2016	-	-	-	-	-	29,586	21,096	-	8,490
Instruction Support	242	226	-	-	468	178	-	-	646
Instructional Support	256	-	-	-	256	-	256	-	-
PVE Class Target Grant	-	1,000	502	-	498	-	533	-	(35)
Education Technology 2014	-	107,778	105,225	-	2,553	-	2,553	-	-
STAA Loan 2014	-	25,110	25,110	-	-	-	-	-	-
Education Technology Fall 2014	-	63,515	63,541	-	(26)	52,485	52,459	-	-
Education Technology SPR 2015	-	105,825	105,825	-	-	6,675	6,675	-	-
Secured Schools Safety Grant	(7,489)	7,490	1	-	-	-	50,000	-	(50,000)
Non-English Speaking Programs	-	916	916	-	-	1,966	1,966	-	-
School Technology	-	4,887	3,524	-	1,363	4,404	4,604	-	1,163
Technology Grants [IC 20-40-15]	4,406	1,013	6,378	250	(709)	3,837	3,128	-	-
Insurance Settlement	-	25,000	25,000	-	-	-	-	-	-
School Trust of Indiana	356	1,200	1,556	-	-	-	-	-	-
Title I 2013-2014	(11,285)	12,572	1,287	-	-	-	-	-	-
Title I 2014-2015	-	250,965	257,904	-	(6,939)	39,883	32,944	-	-
Title I 2015-2016	-	-	-	-	-	258,826	265,504	-	(6,678)
Special Ed Private Obligation	-	2,485	2,485	-	-	3,885	3,857	-	28
Special Ed Set Aside Funds	-	5,505	5,505	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	-	32,980	32,980	-	-	33,610	35,280	-	(1,670)
Prepaid Lunch	6,710	479	-	-	7,189	60,175	63,570	-	3,794
Agency Funds	116,641	2,200,455	2,194,258	-	122,838	2,055,312	2,115,557	-	62,593
<b>Totals</b>	<b>\$ 2,634,762</b>	<b>\$ 15,541,113</b>	<b>\$ 16,005,034</b>	<b>\$ 250</b>	<b>\$ 2,171,091</b>	<b>\$ 15,353,326</b>	<b>\$ 15,727,233</b>	<b>\$ -</b>	<b>\$ 1,797,184</b>

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, the following: 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 include the following sources:

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

*Intermediate sources.* Amounts received as distributions from the County for fees collected for or on behalf of the School Corporation including, but not limited to, the following: educational license plate fees, congressional interest, riverboat distributions, and other similar fees.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*State sources.* Amounts received as distributions from the State of Indiana that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Federal sources.* Amounts received as distributions from the federal government that are to be used by the School Corporation for various purposes, including, but not limited to, the following: unrestricted grants, restricted grants, revenue in lieu of taxes, and revenue for or on behalf of the School Corporation.

*Temporary loans.* Amounts 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.* Amounts received from various sources, including, but not limited to, the following: 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 include the following uses:

*Instruction.* Amounts disbursed for regular programs, special programs, adult and continuing education programs, summer school programs, enrichment programs, remediation, and payments to other governmental units.

*Support services.* Amounts disbursed for support services related to students, instruction, general administration, school administration, outflows for central services, operation and maintenance of plant services, and student transportation.

*Noninstructional services.* Amounts disbursed for food service operations and community service operations.

*Facilities acquisition and construction.* Amounts disbursed for the acquisition, development, construction, and improvement of new and existing facilities.

*Debt service.* Amounts disbursed for fixed obligations resulting from financial transactions previously entered into by the School Corporation, including: all expenditures for the reduction of the principal and interest of the School Corporation's general obligation indebtedness.

*Nonprogrammed charges.* Amounts disbursed 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:

*Sale of capital assets.* Amounts received when land, buildings, or equipment owned by the School Corporation are sold.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*Transfers in.* Amounts 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.* Amounts 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 amounts 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 amounts 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 lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) 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, the following: 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.

**Note 7. Cash Balance Deficits**

The financial statement contains some funds with deficits in cash. Textbooks are purchased in one year and payments for them are received over four years, resulting in the Textbook Rental fund normally carrying a negative balance. Negative balances in reimbursable grant funds are a result of reimbursement of expenditures not being received by year end.

**Note 8. 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 years 2015 and 2016 totaled \$1,673,410 and \$1,703,011, respectively.

TAYLOR COMMUNITY SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**Note 9. Subsequent Events**

The School Corporation issued \$1,250,000 in General Obligation Bonds on August 23, 2016. The proceeds of the bonds will be used for expenses related to capital improvements and issuance of the bonds.

The School Corporation entered into a \$3,000,000 Equipment Lease Purchase Agreement with Sterling National Bank on April 13, 2017. The proceeds of the lease will be used for expenses related to the installation of a solar panels to reduce energy costs.

**Note 10. Other Postemployment Benefits**

The School Corporation provides health insurance benefits to eligible retirees and their spouses. These benefits pose a liability to the School Corporation for this year and in future years. Information regarding the benefits can be obtained by contacting the School Corporation.

(This page intentionally left blank.)

#### OTHER INFORMATION - UNAUDITED

The School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://www.doe.in.gov/finance/school-financial-reports>. 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 Indiana Gateway for Government Units 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 School Corporation's Financial Reports 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, 2015

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 627,667	\$ 707,645	\$ 172,229	\$ 101,189	\$ 194,555	\$ 149,523	\$ 267,991
Receipts:							
Local sources	116,976	1,671,825	355,946	620,936	651,916	82,791	-
Intermediate sources	31	-	-	-	-	-	-
State sources	7,918,886	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	243,654	131,734	-	-
Other receipts	7,354	-	-	13,318	2,105	-	-
Total receipts	8,043,247	1,671,825	355,946	877,908	785,755	82,791	-
Disbursements:							
Instruction	5,035,637	-	-	-	-	-	-
Support services	2,902,015	-	-	449,672	648,180	91,557	71,000
Noninstructional services	128,589	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	212,666	1,225	-	17,275
Debt service	-	1,824,208	387,995	307,051	159,504	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	8,066,241	1,824,208	387,995	969,389	808,909	91,557	88,275
Excess (deficiency) of receipts over disbursements	(22,994)	(152,383)	(32,049)	(91,481)	(23,154)	(8,766)	(88,275)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	249	-	89,372	81,467	10,748	-
Transfers out	(249)	(148,844)	(32,743)	-	-	-	-
Total other financing sources (uses)	(249)	(148,595)	(32,743)	89,372	81,467	10,748	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(23,243)	(300,978)	(64,792)	(2,109)	58,313	1,982	(88,275)
Cash and investments - ending	\$ 604,424	\$ 406,667	\$ 107,437	\$ 99,080	\$ 252,868	\$ 151,505	\$ 179,716

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, 2015

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Donations for C.O. Use
Cash and investments - beginning	\$ 305,489	\$ -	\$ 99,382	\$ (119,602)	\$ -	\$ 7,321	\$ -
Receipts:							
Local sources	-	-	205,938	187,783	35	-	-
Intermediate sources	-	-	-	-	-	56	-
State sources	-	-	4,178	58,250	-	-	-
Federal sources	-	-	344,345	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	1,873	62	-	-	-
Total receipts	-	-	556,334	246,095	35	56	-
Disbursements:							
Instruction	96,900	-	-	-	-	-	-
Support services	8,956	-	545	209,260	-	-	-
Noninstructional services	-	-	541,062	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	47,896	-	-	-	-
Total disbursements	105,856	-	589,503	209,260	-	-	-
Excess (deficiency) of receipts over disbursements	(105,856)	-	(33,169)	36,835	35	56	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(105,856)	-	(33,169)	36,835	35	56	-
Cash and investments - ending	\$ 199,633	\$ -	\$ 66,213	\$ (82,767)	\$ 35	\$ 7,377	\$ -

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, 2015

	Donations for Tech Ed	Summer Food Program Donations	Community Service Learning Day	Walmart Media Class Grant	Preschool Parent Payment	Inst. Support Special Ed Equipment	State Farm Grant for Dog
Cash and investments - beginning	\$ 133	\$ 350	\$ -	\$ 615	\$ 1,250	\$ 542	\$ -
Receipts:							
Local sources	125	-	-	-	28,235	-	-
Intermediate sources	-	-	-	-	-	-	2,080
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	1	-	-	-	-	-
Total receipts	125	1	-	-	28,235	-	2,080
Disbursements:							
Instruction	-	-	-	-	2,507	-	619
Support services	-	-	-	-	510	-	-
Noninstructional services	-	190	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	190	-	-	3,017	-	619
Excess (deficiency) of receipts over disbursements	125	(189)	-	-	25,218	-	1,461
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	125	(189)	-	-	25,218	-	1,461
Cash and investments - ending	\$ 258	\$ 161	\$ -	\$ 615	\$ 26,468	\$ 542	\$ 1,461

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, 2015

	Rainbow Gold At Both Ends - THS	CAAVES Study Grant	Plato Credit Recovery	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	Savannah Gragg Scholarship
Cash and investments - beginning	\$ 300	\$ 250	\$ 2,405	\$ 11	\$ 6	\$ 178	\$ 2,373
Receipts:							
Local sources	-	-	-	725	750	7,549	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	1,815	-	-	-	-
Total receipts	-	-	1,815	725	750	7,549	-
Disbursements:							
Instruction	-	110	2,900	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	500	1,000	6,250	-
Total disbursements	-	110	2,900	500	1,000	6,250	-
Excess (deficiency) of receipts over disbursements	-	(110)	(1,085)	225	(250)	1,299	-
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	250	-	-
Transfers out	-	-	-	-	-	(250)	-
Total other financing sources (uses)	-	-	-	-	250	(250)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(110)	(1,085)	225	-	1,049	-
Cash and investments - ending	\$ 300	\$ 140	\$ 1,320	\$ 236	\$ 6	\$ 1,227	\$ 2,373

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, 2015

	Titans of Taylor	Cheer California Casualty Grant	Formative Assessment	IN Preschool Grants	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Instruction Support
Cash and investments - beginning	\$ -	\$ 1,000	\$ -	\$ 2,123	\$ -	\$ -	\$ 242
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	29,520	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	920	-	-	-	-	-	226
Total receipts	920	-	-	-	29,520	-	226
Disbursements:							
Instruction	-	1,000	-	2,123	13,215	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	920	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	920	1,000	-	2,123	13,215	-	-
Excess (deficiency) of receipts over disbursements	-	(1,000)	-	(2,123)	16,305	-	226
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(1,000)	-	(2,123)	16,305	-	226
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 16,305	\$ -	\$ 468

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, 2015

	Instructional Support	PVE Class Target Grant	Education Technology 2014	STAA Loan 2014	Education Technology Fall 2014	Education Technology SPR 2015	Secured Schools Safety Grant
Cash and investments - beginning	\$ 256	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (7,489)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	1,000	-	-	-	-	-
State sources	-	-	107,778	25,110	63,515	105,825	7,490
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	1,000	107,778	25,110	63,515	105,825	7,490
Disbursements:							
Instruction	-	502	-	-	-	-	-
Support services	-	-	105,225	25,110	63,541	105,825	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	502	105,225	25,110	63,541	105,825	1
Excess (deficiency) of receipts over disbursements	-	498	2,553	-	(26)	-	7,489
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	498	2,553	-	(26)	-	7,489
Cash and investments - ending	\$ 256	\$ 498	\$ 2,553	\$ -	\$ (26)	\$ -	\$ -

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, 2015

	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Insurance Settlement	School Trust of Indiana	Title I 2013-2014	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ -	\$ 4,406	\$ -	\$ 356	\$ (11,285)	\$ -
Receipts:							
Local sources	-	-	1,013	-	1,200	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	916	4,887	-	-	-	-	-
Federal sources	-	-	-	-	-	12,572	250,965
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	25,000	-	-	-
Total receipts	916	4,887	1,013	25,000	1,200	12,572	250,965
Disbursements:							
Instruction	916	-	-	-	-	1,287	202,835
Support services	-	3,524	640	25,000	1,556	-	55,069
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	5,738	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	916	3,524	6,378	25,000	1,556	1,287	257,904
Excess (deficiency) of receipts over disbursements	-	1,363	(5,365)	-	(356)	11,285	(6,939)
Other financing sources (uses):							
Sale of capital assets	-	-	250	-	-	-	-
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	250	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	1,363	(5,115)	-	(356)	11,285	(6,939)
Cash and investments - ending	\$ -	\$ 1,363	\$ (709)	\$ -	\$ -	\$ -	\$ (6,939)

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, 2015

	Title I 2015-2016	Special Ed Private Obligation	Special Ed Set Aside Funds	Improving Teacher Quality, No Child Left, Title II, Part A	Prepaid Lunch	Agency Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 6,710	\$ 116,641	\$ 2,634,762
Receipts:							
Local sources	-	-	5,505	-	-	-	3,939,248
Intermediate sources	-	-	-	-	-	-	3,167
State sources	-	-	-	-	-	-	8,326,355
Federal sources	-	2,485	-	32,980	-	-	643,347
Temporary loans	-	-	-	-	-	-	375,388
Other receipts	-	-	-	-	479	2,200,455	2,253,608
Total receipts	-	2,485	5,505	32,980	479	2,200,455	15,541,113
Disbursements:							
Instruction	-	1,194	5,505	32,980	-	-	5,400,230
Support services	-	1,291	-	-	-	-	4,768,476
Noninstructional services	-	-	-	-	-	-	670,761
Facilities acquisition and construction	-	-	-	-	-	-	236,905
Debt service	-	-	-	-	-	-	2,678,758
Nonprogrammed charges	-	-	-	-	-	2,194,258	2,249,904
Total disbursements	-	2,485	5,505	32,980	-	2,194,258	16,005,034
Excess (deficiency) of receipts over disbursements	-	-	-	-	479	6,197	(463,921)
Other financing sources (uses):							
Sale of capital assets	-	-	-	-	-	-	250
Transfers in	-	-	-	-	-	-	182,086
Transfers out	-	-	-	-	-	-	(182,086)
Total other financing sources (uses)	-	-	-	-	-	-	250
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	-	-	479	6,197	(463,671)
Cash and investments - ending	\$ -	\$ -	\$ -	\$ -	\$ 7,189	\$ 122,838	\$ 2,171,091

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, 2016

	General	Debt Service	Retirement/ Severance Bond Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day
Cash and investments - beginning	\$ 604,424	\$ 406,667	\$ 107,437	\$ 99,080	\$ 252,868	\$ 151,505	\$ 179,716
Receipts:							
Local sources	105,963	2,080,226	244,396	507,599	529,457	67,270	-
Intermediate sources	31	-	-	-	-	-	-
State sources	7,982,341	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	219,266	148,537	-	-
Other receipts	11,144	-	-	19,432	631	-	-
Total receipts	8,099,479	2,080,226	244,396	746,297	678,625	67,270	-
Disbursements:							
Instruction	4,769,489	-	-	-	-	-	-
Support services	2,921,603	-	-	321,596	699,021	192,543	71,418
Noninstructional services	113,651	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	219,313	1,366	-	39,800
Debt service	-	1,906,798	389,835	231,460	158,554	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	7,804,743	1,906,798	389,835	772,369	858,941	192,543	111,218
Excess (deficiency) of receipts over disbursements	294,736	173,428	(145,439)	(26,072)	(180,316)	(125,273)	(111,218)
Other financing sources (uses):							
Transfers in	-	-	40,000	-	-	-	-
Transfers out	-	-	-	-	-	-	(40,000)
Total other financing sources (uses)	-	-	40,000	-	-	-	(40,000)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	294,736	173,428	(105,439)	(26,072)	(180,316)	(125,273)	(151,218)
Cash and investments - ending	\$ 899,160	\$ 580,095	\$ 1,998	\$ 73,008	\$ 72,552	\$ 26,232	\$ 28,498

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, 2016

	Post- Retirement/ Severance Future Benefits	Construction	School Lunch	Textbook Rental	Levy Excess	Educational License Plates	Donations for C.O. Use
Cash and investments - beginning	\$ 199,633	\$ -	\$ 66,213	\$ (82,767)	\$ 35	\$ 7,377	\$ -
Receipts:							
Local sources	-	20,353	215,701	167,933	-	-	600
Intermediate sources	-	-	-	-	-	38	-
State sources	-	-	4,072	54,426	-	-	-
Federal sources	-	-	383,879	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	810	-	-	-	-
Total receipts	-	20,353	604,462	222,359	-	38	600
Disbursements:							
Instruction	76,500	-	-	-	-	-	-
Support services	-	9,159	501	298,216	-	-	-
Noninstructional services	-	-	555,087	-	-	-	-
Facilities acquisition and construction	-	10,832	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	42,826	-	-	-	-
Total disbursements	76,500	19,991	598,414	298,216	-	-	-
Excess (deficiency) of receipts over disbursements	(76,500)	362	6,048	(75,857)	-	38	600
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(76,500)	362	6,048	(75,857)	-	38	600
Cash and investments - ending	\$ 123,133	\$ 362	\$ 72,261	\$ (158,624)	\$ 35	\$ 7,415	\$ 600

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, 2016

	Donations for Tech Ed	Summer Food Program Donations	Community Service Learning Day	Walmart Media Class Grant	Preschool Parent Payment	Inst. Support Special Ed Equipment	State Farm Grant for Dog
Cash and investments - beginning	\$ 258	\$ 161	\$ -	\$ 615	\$ 26,468	\$ 542	\$ 1,461
Receipts:							
Local sources	-	-	350	-	25,186	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	350	-	25,186	-	-
Disbursements:							
Instruction	-	-	-	14	6,675	-	1,461
Support services	258	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	542	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	258	-	-	14	6,675	542	1,461
Excess (deficiency) of receipts over disbursements	(258)	-	350	(14)	18,511	(542)	(1,461)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(258)	-	350	(14)	18,511	(542)	(1,461)
Cash and investments - ending	\$ -	\$ 161	\$ 350	\$ 601	\$ 44,979	\$ -	\$ -

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, 2016

	Rainbow Gold At Both Ends - THS	CAAVES Study Grant	Plato Credit Recovery	Mary Wooldridge Scholarship	E. Karavitis English Scholarship	Taylor Scholarship Fund	Savannah Gragg Scholarship
Cash and investments - beginning	\$ 300	\$ 140	\$ 1,320	\$ 236	\$ 6	\$ 1,227	\$ 2,373
Receipts:							
Local sources	-	-	-	700	1,000	6,305	145
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	750	-	-	-	-
Total receipts	-	-	750	700	1,000	6,305	145
Disbursements:							
Instruction	-	140	1,508	-	-	-	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	500	1,000	5,500	-
Total disbursements	-	140	1,508	500	1,000	5,500	-
Excess (deficiency) of receipts over disbursements	-	(140)	(758)	200	-	805	145
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(140)	(758)	200	-	805	145
Cash and investments - ending	\$ 300	\$ -	\$ 562	\$ 436	\$ 6	\$ 2,032	\$ 2,518

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, 2016

	Titans of Taylor	Cheer California Casualty Grant	Formative Assessment	IN Preschool Grants	High Ability Grant 2014-2015	High Ability Grant 2015-2016	Instruction Support
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 16,305	\$ -	\$ 468
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	3,963	-	-	29,586	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	178
Total receipts	-	-	3,963	-	-	29,586	178
Disbursements:							
Instruction	-	-	3,780	-	16,305	21,096	-
Support services	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	-	-	3,780	-	16,305	21,096	-
Excess (deficiency) of receipts over disbursements	-	-	183	-	(16,305)	8,490	178
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	183	-	(16,305)	8,490	178
Cash and investments - ending	\$ -	\$ -	\$ 183	\$ -	\$ -	\$ 8,490	\$ 646

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, 2016

	Instructional Support	PVE Class Target Grant	Education Technology 2014	STAA Loan 2014	Education Technology Fall 2014	Education Technology SPR 2015	Secured Schools Safety Grant
Cash and investments - beginning	\$ 256	\$ 498	\$ 2,553	\$ -	\$ (26)	\$ -	\$ -
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	-	-	-	-	52,485	6,675	-
Federal sources	-	-	-	-	-	-	-
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-
Total receipts	-	-	-	-	52,485	6,675	-
Disbursements:							
Instruction	256	533	-	-	-	-	-
Support services	-	-	2,553	-	52,459	6,675	-
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	50,000
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	256	533	2,553	-	52,459	6,675	50,000
Excess (deficiency) of receipts over disbursements	(256)	(533)	(2,553)	-	26	-	(50,000)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(256)	(533)	(2,553)	-	26	-	(50,000)
Cash and investments - ending	\$ -	\$ (35)	\$ -	\$ -	\$ -	\$ -	\$ (50,000)

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, 2016

	Non-English Speaking Programs	School Technology	Technology Grants [IC 20-40-15]	Insurance Settlement	School Trust of Indiana	Title I 2012-2013	Title I 2014-2015
Cash and investments - beginning	\$ -	\$ 1,363	\$ (709)	\$ -	\$ -	\$ -	\$ (6,939)
Receipts:							
Local sources	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-
State sources	1,966	4,404	-	-	-	-	-
Federal sources	-	-	-	-	-	-	39,883
Temporary loans	-	-	-	-	-	-	-
Other receipts	-	-	3,837	-	-	-	-
Total receipts	1,966	4,404	3,837	-	-	-	39,883
Disbursements:							
Instruction	1,966	-	-	-	-	-	22,680
Support services	-	4,604	-	-	-	-	10,264
Noninstructional services	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	3,128	-	-	-	-
Debt service	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-
Total disbursements	1,966	4,604	3,128	-	-	-	32,944
Excess (deficiency) of receipts over disbursements	-	(200)	709	-	-	-	6,939
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(200)	709	-	-	-	6,939
Cash and investments - ending	\$ -	\$ 1,163	\$ -	\$ -	\$ -	\$ -	\$ -

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, 2016

	Title I 2015-2016	Special Ed Private Obligation	Special Ed Set Aside Funds	Improving Teacher Quality, No Child Left, Title II, Part A	Prepaid Lunch	Agency Funds	Totals
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ -	\$ 7,189	\$ 122,838	\$ 2,171,091
Receipts:							
Local sources	-	-	-	-	-	-	3,973,184
Intermediate sources	-	-	-	-	-	-	69
State sources	-	-	-	-	-	-	8,139,918
Federal sources	258,826	3,885	-	33,610	-	-	720,083
Temporary loans	-	-	-	-	-	-	367,803
Other receipts	-	-	-	-	60,175	2,055,312	2,152,269
Total receipts	258,826	3,885	-	33,610	60,175	2,055,312	15,353,326
Disbursements:							
Instruction	209,103	3,302	-	35,280	-	-	5,170,088
Support services	56,401	555	-	-	-	-	4,647,826
Noninstructional services	-	-	-	-	-	-	668,738
Facilities acquisition and construction	-	-	-	-	-	-	324,981
Debt service	-	-	-	-	-	-	2,686,647
Nonprogrammed charges	-	-	-	-	63,570	2,115,557	2,228,953
Total disbursements	265,504	3,857	-	35,280	63,570	2,115,557	15,727,233
Excess (deficiency) of receipts over disbursements	(6,678)	28	-	(1,670)	(3,395)	(60,245)	(373,907)
Other financing sources (uses):							
Transfers in	-	-	-	-	-	-	40,000
Transfers out	-	-	-	-	-	-	(40,000)
Total other financing sources (uses)	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(6,678)	28	-	(1,670)	(3,395)	(60,245)	(373,907)
Cash and investments - ending	\$ (6,678)	\$ 28	\$ -	\$ (1,670)	\$ 3,794	\$ 62,593	\$ 1,797,184

(This page intentionally left blank.)

TAYLOR COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

Government or Enterprise	Accounts Payable	Accounts Receivable
Governmental activities	<u>\$ 121,923</u>	<u>\$ 58,041</u>

TAYLOR COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

Lessor	Purpose	Annual Lease Payment	Lease Beginning Date	Lease Ending Date
Governmental activities:				
Crossroads Bank	Student Computers and iPads	\$ 57,474	7/3/2013	7/1/2017
Crossroads Bank	Computer Network and Telephone	23,017	2/21/2013	3/30/2017
Crossroads Bank	I Pads	17,010	7/11/2014	7/1/2018
Crossroads Bank	Student I Pads	16,705	5/13/2015	7/1/2019
Crossroads Bank	Staff Computer Equipment	72,172	5/13/2015	7/1/2019
Crossroads Bank	Lawn Equipment	1,270	5/13/2015	12/1/2016
Crossroads Bank	Student Chromebooks	40,156	6/15/2016	7/1/2020
Pitney Bowes	Postage Meter Lease	2,328	1/14/2015	12/14/2019
Ricoh USA INC.	Copier Lease	57,711	5/14/2014	5/31/2019
Taylor School Building Corporation	Building Lease	1,801,250	12/10/2015	6/30/2025
Taylor School Building Corporation	QSCB Building Lease	<u>107,906</u>	12/9/2010	12/31/2021
Total governmental activities		<u>2,196,999</u>		
Total of annual lease payments		<u>\$ 2,196,999</u>		

Type	Description of Debt Purpose	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:			
General obligation bonds	Retirement/Severance Bonds	\$ 90,036	\$ 90,036
Tax anticipation warrants	Temporary Tax Anticipation Warrants	231,350	233,804
Notes and loans payable	Common School Loans for Technology	<u>456,606</u>	<u>151,011</u>
Total governmental activities		<u>777,992</u>	<u>474,851</u>
Totals		<u>\$ 777,992</u>	<u>\$ 474,851</u>

TAYLOR COMMUNITY SCHOOL CORPORATION  
 SCHEDULE OF CAPITAL ASSETS  
 June 30, 2016

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

	<u>Ending Balance</u>
Governmental activities:	
Land	\$ 64,787
Buildings	31,528,149
Improvements other than buildings	3,590,067
Machinery, equipment, and vehicles	<u>2,953,017</u>
Total governmental activities	<u>38,136,020</u>
Total capital assets	<u><u>\$ 38,136,020</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



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, 2014 to June 30, 2016. 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, 2014 to June 30, 2016.

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

**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 a material weakness.

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 a 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 item 2016-001 to be a material weakness.

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

April 2, 2018

(This page intentionally left blank.)

#### 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.

(This page intentionally left blank.)

TAYLOR COMMUNITY SCHOOL CORPORATION  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For the Years Ended June 30, 2015 and 2016

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	Pass-Through To Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Pass-Through To Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553	FY 2015, FY 2016	\$ -	\$ 64,897	\$ -	\$ 86,860
National School Lunch Program	Indiana Department of Education	10.555	FY 2015, FY 2016	-	304,304	-	324,532
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 2015, FY 2016	-	11,298	-	6,729
Total - Child Nutrition Cluster				-	380,499	-	418,121
Total - Department of Agriculture				-	380,499	-	418,121
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010	14-3460	-	12,572	-	-
			15-3460	-	250,965	-	39,883
			16-3460	-	-	-	258,826
Total - Title I Grants to Local Educational Agencies				-	263,537	-	298,709
Special Education Cluster (IDEA)							
Special Education Grants to States	Indiana Department of Education	84.027	14213-035-PN01	-	1,797	-	-
			14214-035-PN01	-	201,975	-	1,693
			99914-035-PN01	-	2,149	-	2,888
			14215-035-PN01	-	143,005	-	189,861
			14216-035-PN01	-	-	-	114,884
Total - Special Education Grants to States				-	348,926	-	309,326
Special Education Preschool Grants	Indiana Department of Education	84.173	45713-035-PN01	-	861	-	-
			45714-035-PN01	-	8,016	-	-
			45715-035-PN01	-	7,418	-	189
			45716-033-PN01	-	-	-	14,624
Total - Special Education Preschool Grants				-	16,295	-	14,813
Total - Special Education Cluster (IDEA)				-	365,221	-	324,139
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	3460	-	32,981	-	33,610
Total - Department of Education				-	661,739	-	656,458
Total federal awards expended				\$ -	\$ 1,042,238	\$ -	\$ 1,074,579

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 (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2015 and 2016. The information in the SEFA is presented in accordance with the requirements of the Office of Management and Budget (OMB) Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Because the SEFA presents only a select portion of the operations of the School Corporation, it is not intended to and does not present the financial position of the School Corporation.

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. Summary of Significant Accounting Policies**

Expenditures reported on the SEFA are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures are not allowed or are limited as to reimbursement. When federal grants are received on a reimbursement basis, the federal awards are considered expended when the reimbursement is received.

**Note 3. Special Education Cooperative**

The School Corporation is a member of Kokomo Area Special Education Cooperative (KASEC). As a result, the activity for the Special Education Cluster (IDEA) presented as federal awards expended in the SEFA is not presented as receipts and disbursements in the financial statement for the School Corporation. This activity is reported on the financial statement of the fiscal agent for the KASEC, Western School Corporation.

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 weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

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

Identification of Major Programs:

CFDA Number	Name of Federal Program or Cluster
84.010	Child Nutrition Cluster Special Education Cluster (IDEA) Title I Grants to Local Educational Agencies

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

Auditee qualified as low-risk auditee?	no
--	----

**Section II - Financial Statement Findings**

No matters are reportable.

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

**Section III - Federal Award Findings and Questioned Costs**

**FINDING 2016-001**

Subject: Child Nutrition Cluster - Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Federal Agency: Department of Agriculture

Federal Programs: School Breakfast Program, National School Lunch Program, Summer Food Service Program for Children

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY2015, FY2016

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)

Audit Finding: Material Weakness

*Condition*

The School Corporation had not established an effective internal control system related to the grant agreement and the Eligibility, Reporting, and the Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP) compliance requirements.

*Eligibility*

The School Corporation had not designed or implemented adequate policies and procedures to ensure that free and reduced price meal applications were accurately evaluated for eligibility. The application information was entered into the food service software, which automatically made the eligibility determination dependent on the information entered. There was no oversight or review to ensure that the information entered into the food service software was accurate.

*Reporting*

The School Corporation had not designed or implemented adequate polices or procedures to ensure that all the required reports were accurately prepared and submitted. The food service director prepared and submitted the monthly Sponsor Claim (claim for reimbursement), the Annual Financial Reports, and the School Food Authority (SFA) Verification Collection Reports without a proper system of oversight or review.

*Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP)*

The School Corporation had not designed or implemented adequate policies or procedures to ensure the verifications were performed and determinations were made accurately. The Food Service Director performed the verifications of free and reduced priced meal applications without a proper system of oversight or review.

*Context*

The lack of internal controls was a systemic issue throughout the audit period.

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

*Criteria*

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. . . ."

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over the Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal award in compliance with Federal statutes, regulations, and the terms and conditions of the Federal award. These internal controls should be in compliance with guidance in 'Standards for Internal Control in the Federal Government' issued by the Comptroller General of the United States or the 'Internal Control Integrated Framework', issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). . . ."

*Cause*

The School Corporation had not developed and implemented a system of internal controls that would have segregated key functions related to the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP) compliance requirements.

*Effect*

The failure to establish an effective internal control system placed 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 have also allowed noncompliance with the compliance requirements and allowed the misuse and mismanagement of federal funds and assets by not having proper oversight, reviews, and approvals over the activities of the programs.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance with the Eligibility, Reporting, and Special Tests and Provisions - Verification of Free and Reduced Priced Applications (NSLP) compliance requirements.

*Views of Responsible Officials*

For the views of responsible officials, refer to the Corrective Action Plan that is part of this report.

(This page intentionally left blank.)

#### AUDITEE-PREPARED DOCUMENTS

The subsequent documents were provided by management of the School Corporation. The documents are presented as intended by the School Corporation.

# TAYLOR COMMUNITY SCHOOL CORPORATION

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2014-002

Fiscal year in which the finding initially occurred: 2014

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Christopher Smith

Contact Phone Number: 765-453-3035

#### Status of Audit Finding:

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 ensures the documentation is maintained.

\_\_\_\_\_  
Superintendent

\_\_\_\_\_  
2/14/18



# TAYLOR COMMUNITY SCHOOL CORPORATION

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2014-003

Fiscal year in which the finding initially occurred: 2014  
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education  
Contact Person Responsible for Corrective Action: Pam Stamm/Rosie Goudy/Michelle Haus  
Contact Phone Number: 765-453-3800/765-453-3035

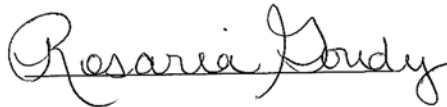
#### Status of Audit Finding:

The Title I payroll distribution report for each payroll is sent to the Title I Director for signature and verification that the proper employees were paid from the Title I grant. The signed report is 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 are sent to the Title I Director for verification and signature.

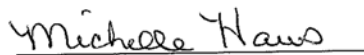
Electronic equipment orders to be purchased from the Title I grant are sent to the Title I Director for signature before the purchase is made. The Title I Director keeps a separate inventory of electronic equipment purchased with Title I funds.

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



\_\_\_\_\_  
Title I Director

\_\_\_\_\_  
2/14/18



\_\_\_\_\_  
Deputy Treasurer

\_\_\_\_\_  
2/14/18



# TAYLOR COMMUNITY SCHOOL CORPORATION

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

## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

### FINDING 2014-004

Fiscal year in which the finding initially occurred: 2014

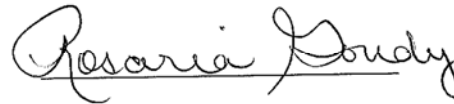
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: Indiana Dept. of Education

Contact Person Responsible for Corrective Action: Pam Stamm/Rosie Goudy

Contact Phone Number: 765-453-3800

#### Status of Audit Finding:

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



Title I Director

2/14/18



# TAYLOR COMMUNITY SCHOOL CORPORATION

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

## CORRECTIVE ACTION PLAN

### **FINDING 2016-001**

Contact Person Responsible for Corrective Action: Paula Bolin  
Contact Phone Number: 765-453-3035

Views of Responsible Official: The free and reduced price meal applications were reviewed by the Food Service Secretary, but were not signed by her indicating she reviewed them.

#### Description of Corrective Action Plan:

The Food Service Secretary will review the free and reduced price meal applications to determine if the information was entered accurately and that they were accurately evaluated for eligibility. She will then sign off that they were reviewed.

The Food Service Secretary will review the Monthly Sponsor Claim for Reimbursement and the Verification Summary Reports for accuracy and sign off that they were reviewed. The Corporation Treasurer will review the Annual Financial Reports for accuracy and sign off that they were reviewed.

The Food Service Secretary will review verifications of free and reduced price applications for accuracy.

Anticipated Completion Date: Immediate

Paula Bolin  
(Signature)

Food Service Director  
(Title)

April 2, 2018

(Date)



#### 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/>.