

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

SUPPLEMENTAL COMPLIANCE REPORT

OF

TAYLOR COMMUNITY SCHOOL CORPORATION

HOWARD COUNTY, INDIANA

July 1, 2020 to June 30, 2022



**FILED**  
02/09/2023



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Tina Bonifant Rena Adams	07-01-20 to 05-31-21 06-01-21 to 06-30-23
Superintendent of Schools	Christopher Smith	07-01-20 to 06-30-23
President of the School Board	Dennis Marler	07-01-20 to 06-30-23



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

This report is supplemental to our audit report of the Taylor Community School Corporation (School Corporation), for the period from July 1, 2020 to June 30, 2022. It has been provided as a separate report so that the reader may easily identify any Audit Results and Comments that pertain to the School Corporation. It should be read in conjunction with our Financial Statement Audit Report of the School Corporation, which provides our opinions on the School Corporation's financial statement. This report may be found at [www.in.gov/sboa/](http://www.in.gov/sboa/).

As authorized under Indiana Code 5-11-1, we performed procedures to determine compliance with applicable Indiana laws and uniform compliance guidelines established by the Indiana State Board of Accounts. The Audit Results and Comments contained herein describe the identified reportable instances of noncompliance found as a result of these procedures. Our tests were not designed to identify all instances of noncompliance; therefore, noncompliance may exist that is unidentified.

Any Official Response to the Audit Results and Comments, incorporated within this report, was not verified for accuracy.

Beth Kelley, CPA, CFE  
Deputy State Examiner

January 26, 2023

TAYLOR COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS

**OVERDRAWN CASH BALANCES**

The same comment also appeared in prior Reports B41969, B46383, B49902, B52429, and B56463.

*Condition and Context*

The financial statement included the following non-grant funds with overdrawn cash balances on June 30, 2021, and June 30, 2022.

Fund	Amount Overdrawn at June 30, 2021	Amount Overdrawn at June 30, 2022
Curricular Materials Rental	\$ 432,630	\$ 356,312
Security Project	19,706	-
Donations For Tech Ed	1,149	-
Common School Loan 2021	-	107,419
Medical Insur. Clearing Acct.	4,812	937
Dental Insurance Clearing Acct.	-	2,411
Voluntary One America	747	642
Sec 125/Nr Med/Fees Clearing	9,616	12,128
Trustmark Universal Life	-	376
Vision Insurance	2,767	2,415
Garnishee	205	-
Miscellaneous Clearing A/C	2,052	3,103
Fringe Benefit Clearing	-	641

*Criteria*

The cash balance of any fund may not be reduced below zero. Routinely overdrawn funds could be an indicator of serious financial problems which should be investigated by the unit. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**ANNUAL FINANCIAL REPORT - OTHER INFORMATION**

*Condition and Context*

The School Corporation did not have adequate internal controls to ensure the accurate reporting of other information in the Annual Financial Report (AFR).

There were differences in the grant information and the capital asset information reported in the AFR compared to supporting documentation provided by the School Corporation.

The grant information reported in the AFR was used to compile the Schedule of Expenditures of Federal Awards (SEFA). The original SEFA contained grant amounts that were reported incorrectly totaling \$118,657.

TAYLOR COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

The capital asset information reported in the AFR was used to compile the Schedule of Capital Assets (Schedule). The original Schedule contained the following differences: Buildings were understated by \$5,095,520, Improvements other than buildings were understated by \$3,057,815, and Machinery, equipment, and vehicles were understated by \$252,383.

Adjustments were proposed, accepted by management, and made to the SEFA and the Schedule.

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

"Control activities are the actions and tools established through policies and procedures that help to detect, prevent, or reduce the identified risks that interfere with the achievement of objectives. Detection activities are designed to identify unfavorable events in a timely manner whereas prevention activities are designed to deter the occurrence of an unfavorable event. Examples of these activities include reconciliations, authorizations, approval processes, performance reviews, and verification processes. . . ."

Indiana Code 5-11-1-4(a) states:

"The state examiner shall require from every audited entity financial reports covering the full period of each fiscal year. These reports shall be prepared, verified, and filed with the state examiner not later than sixty (60) days after the close of each fiscal year. The reports must be in the form and content prescribed by the state examiner and filed electronically in the manner prescribed under [IC 5-14-3.8-7](#)."

Units are required to comply with all grant agreements, rules, regulations, bulletins, directives, letters, letter rulings, court decisions and filing requirements concerning reports and other procedural matters of federal and state agencies. Units must file accurate reports required by federal and state agencies. Noncompliance may require corrective action. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**INTERNAL CONTROLS AND NONCOMPLIANCE OVER RECEIPTS**

*Condition and Context*

The School Corporation had not established adequate internal controls related to receipts. The Business Manager reconciled all receipts to deposits as part of the monthly bank reconciliation; however, proper procedures were not in place to ensure all receipts were posted and deposited in a timely manner. Of the four receipts tested, all were not posted in a timely manner. Three of the receipts were deposited 6 to 14 days before the receipts were posted to the financial records. All four of the receipts were posted from 6 to 37 days after the date on the checks were received.

TAYLOR COMMUNITY SCHOOL CORPORATION  
AUDIT RESULTS AND COMMENTS  
(Continued)

*Criteria*

The Indiana State Board of Accounts (SBOA) is required under Indiana Code 5-11-1-27(e) to define the acceptable minimum level of internal control standards. To provide clarifying guidance, the State Examiner compiled the standards contained in the manual, *Uniform Internal Control Standards for Indiana Political Subdivisions*. All political subdivisions subject to audit by SBOA are expected to adhere to these standards. The standards include adequate control activities. According to this manual:

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All documents and entries to records must be made in a timely manner to ensure that accurate financial information is available to allow the unit to make informed management decisions and to help ensure compliance with IC 5-15-1-1. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

Receipts shall be issued and recorded at the time of the transaction. (Accounting and Uniform Compliance Guidelines Manual for Indiana Public School Corporations, Chapter 1)

**SCHOOL LUNCH ACCOUNTS**

The same comment also appeared in prior Report B56463.

*Condition and Context*

The Prepaid Food fund (School Lunch Clearing Fund) balance was not in agreement with the subsidiary records of the student accounts. The School Lunch Clearing Fund balance was \$7,862 higher than the subsidiary records at June 30, 2021, and \$6,872 higher than the subsidiary records at June 30, 2022.

*Criteria*

When a student puts money into their individual meal account, it should not be considered income to the child nutrition program until that student goes through the lunch line and charges a meal to their account. Therefore, while money is in the student's individual account, the balance should not be included in Fund 800 School Lunch. A school should set up a clearing account with the fund number of 8400 Prepaid School Lunch Accounts which is included in Chapter 4 of the State Board of Accounts Uniform Compliance Guidelines for Indiana Public School Corporations. When a student brings in a deposit the receipt should be recorded to Fund 8400 using receipt account 1630 Special Functions. After the student has charged meals, you should disburse the amount charged from Fund 8400 using expenditure account 31900 Other Food Services and receipt this into Fund 800 using the Food Services receipt accounts 1611-1623 at the time established in a written school policy to ensure accurate monthly reporting. At this point the receipts are considered program income and should be included on any reports that are required to be completed. Also, on a monthly basis it is required that the balance of Fund 8400 be reconciled with the total of the individual meal accounts. (The School Bulletin and Uniform Compliance Guidelines, February 2019)

TAYLOR COMMUNITY SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on January 26, 2023, with Renae Adams, Treasurer; Christopher Smith, Superintendent of Schools; and Dennis Marler, President of the School Board.