

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

FINANCIAL STATEMENT EXAMINATION REPORT

OF

CASTON SCHOOL CORPORATION

FULTON COUNTY, INDIANA

July 1, 2010 to June 30, 2012



**FILED**

01/18/2013



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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Cozetta Grable Denise Chandler	07-01-10 to 06-30-11 07-01-11 to 06-30-13
Superintendent of Schools	Danny L. Foster	07-01-10 to 06-30-13
President of the School Board	Dr. James Ayers	07-01-10 to 12-31-12



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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF CASTON SCHOOL CORPORATION, FULTON COUNTY, INDIANA

We have examined the accompanying financial statement of Caston School Corporation (School Corporation), for the period of July 1, 2010 to June 30, 2012. The financial statement is the responsibility of the School Corporation's management. Our responsibility is to express an opinion on the financial statement based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial statement and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

As discussed in Note 1, the School Corporation prepares its financial statement on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the State Board of Accounts as allowed by 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 effects on the financial statement of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material. The basis noted above is a different basis than that used in the prior period.

In our opinion, because of the matter discussed in the preceding paragraph, the financial statement referred to above does not present fairly, in conformity 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, 2010 to June 30, 2012.

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, 2010 to June 30, 2012, on the basis of accounting described in Note 1.

Our examination was conducted for the purpose of forming an opinion on the School Corporation's financial statement. The Combining Schedule of Receipts, Disbursements, Other Financing Sources (Uses) and Cash and Investment Balances – Regulatory Basis, Schedule of Long-Term 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 examination procedures applied to the financial statement and, accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

November 26, 2012

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## FINANCIAL STATEMENT

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

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CASTON SCHOOL CORPORATION  
STATEMENT OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
REGULATORY BASIS  
For the Years Ended June 30, 2011 and 2012

	Cash and Investments 07-01-10	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-11	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-12
General	\$ 2,936,222	\$ 5,077,137	\$ 5,196,862	\$ (94,935)	\$ 2,721,562	\$ 4,975,525	\$ 4,707,817	\$ (111,854)	\$ 2,877,416
Debt Service	160,020	288,470	286,207	-	162,283	212,993	289,740	1,158	86,694
Capital Projects	658,264	718,746	727,102	-	649,908	724,000	830,144	624	544,388
School Transportation	1,290,150	713,880	477,147	(95,076)	1,431,807	358,560	473,244	(32,647)	1,284,476
School Bus Replacement	307,590	186,042	247,481	-	246,151	162,034	175,736	(29)	232,420
Rainy Day	521,629	-	77,813	203,000	646,816	-	105,890	170,000	710,926
School Lunch	50,799	376,621	376,606	-	50,814	367,628	391,006	-	27,436
Textbook Rental	55,952	99,620	95,334	-	60,238	106,563	163,750	-	3,051
SAFE School Haven	1,236	-	-	-	1,236	-	-	-	1,236
Promotion of School Corp	-	-	-	-	-	1,100	478	-	622
High Ability - Gifted/Talented	7,975	27,981	20,501	-	15,455	27,137	36,904	-	5,688
Medicaid Reimbursement	-	6,300	1,921	-	4,379	676	4,804	-	251
School Technology	4,707	10,254	480	-	14,481	11,000	1,050	-	24,431
Indiana Safe Schools - Grad	-	20,000	-	-	20,000	-	20,000	-	-
Excess PTRC Distributions	13,182	11,924	-	(11,924)	13,182	62	-	(5,926)	7,318
Title I	15,703	60,614	71,253	-	5,064	69,416	75,065	-	(585)
(IDEA, Part B) LEA Capacity Building (Sliver) Grants	-	-	-	-	-	-	7,183	-	(7,183)
Safe/Drug-Free Schools	1,224	-	300	-	924	-	358	-	566
Improving Teaching Quality, No Child Left, Title II, Part A	-	30,666	30,666	-	-	58,848	58,848	-	-
Title I - Grants to LEAs	(8,829)	10,136	547	-	760	-	760	-	-
Special Education - Part B	34,020	-	34,020	-	-	-	-	-	-
Education Jobs	-	-	-	-	-	34,856	14,856	(20,000)	-
Payroll Withholdings	-	1,166,593	1,166,593	-	-	1,077,446	1,077,813	-	(367)
Totals	\$ 6,049,844	\$ 8,804,984	\$ 8,810,833	\$ 1,065	\$ 6,045,060	\$ 8,187,844	\$ 8,435,446	\$ 1,326	\$ 5,798,784

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

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT

**Note 1. Summary of Significant Accounting Policies**

*A. Reporting Entity*

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

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

The accompanying financial statement presents the financial information for the School Corporation.

*B. Basis of Accounting*

The financial statement is reported on a regulatory basis of accounting prescribed by the 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. Receipts are recorded when received and disbursements are recorded when paid.

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

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

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

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

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

*E. Disbursements*

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

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

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

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

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

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

Nonprogrammed charges which include outflows for donations to foundations, securities purchased, indirect costs, scholarships, funds held temporarily for an authorized recipient, and self-insurance payments.

Interfund loans which include money temporarily transferred from one fund to a depleted fund for use in paying current operating expenses. Such advancement shall not be made for a period extending beyond the budget year.

*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 which includes money received when land, buildings, or equipment owned by the School Corporation is sold.

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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

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

*G. Fund Accounting*

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

**Note 2. Budgets**

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

**Note 3. Property Taxes**

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

**Note 4. Deposits and Investments**

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

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

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

**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 an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in 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  
1 North Capital Street, 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.

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*B. Teacher's Retirement Fund*

*Plan Description*

The Indiana Teacher's 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  
1 North Capital Street, 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.

## SUPPLEMENTARY INFORMATION – UNAUDITED

For additional financial information, the School Corporation's Financial Reports can be found on the Indiana Department of Education website: <http://mustang.doe.state.in.us/TRENDS/fin.cfm>. This website is maintained by the Indiana Department of Education. More current financial information is available from the School Corporation Treasurer's office.

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

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

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,936,222	\$ 160,020	\$ 658,264	\$ 1,290,150	\$ 307,590	\$ 521,629	\$ 50,799	\$ 55,952
Receipts:								
Local sources	99,915	288,470	718,746	713,493	186,042	-	184,891	51,816
Intermediate sources	173	-	-	-	-	-	-	-
State sources	4,977,049	-	-	-	-	-	88,715	38,804
Federal sources	-	-	-	-	-	-	103,015	-
Interfund loans	-	-	-	-	-	-	-	9,000
Other	-	-	-	387	-	-	-	-
Total receipts	<u>5,077,137</u>	<u>288,470</u>	<u>718,746</u>	<u>713,880</u>	<u>186,042</u>	<u>-</u>	<u>376,621</u>	<u>99,620</u>
Disbursements:								
Current:								
Instruction	3,481,664	-	-	-	-	77,134	-	-
Support services	1,621,217	-	152,440	477,147	247,481	679	-	86,334
Noninstructional services	93,981	-	-	-	-	-	376,606	-
Facilities acquisition and construction	-	-	574,662	-	-	-	-	-
Debt services	-	286,207	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	9,000
Total disbursements	<u>5,196,862</u>	<u>286,207</u>	<u>727,102</u>	<u>477,147</u>	<u>247,481</u>	<u>77,813</u>	<u>376,606</u>	<u>95,334</u>
Excess (deficiency) of receipts over disbursements	<u>(119,725)</u>	<u>2,263</u>	<u>(8,356)</u>	<u>236,733</u>	<u>(61,439)</u>	<u>(77,813)</u>	<u>15</u>	<u>4,286</u>
Other financing sources (uses):								
Sale of capital assets	1,065	-	-	-	-	-	-	-
Transfers in	-	-	-	11,924	-	203,000	-	-
Transfers out	(96,000)	-	-	(107,000)	-	-	-	-
Total other financing sources (uses)	<u>(94,935)</u>	<u>-</u>	<u>-</u>	<u>(95,076)</u>	<u>-</u>	<u>203,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(214,660)</u>	<u>2,263</u>	<u>(8,356)</u>	<u>141,657</u>	<u>(61,439)</u>	<u>125,187</u>	<u>15</u>	<u>4,286</u>
Cash and investments - ending	<u>\$ 2,721,562</u>	<u>\$ 162,283</u>	<u>\$ 649,908</u>	<u>\$ 1,431,807</u>	<u>\$ 246,151</u>	<u>\$ 646,816</u>	<u>\$ 50,814</u>	<u>\$ 60,238</u>

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	SAFE School Haven	Promotion of School Corporation	High Ability Gifted/ Talented	Medicaid Reimbursement	School Technology	Indiana Safe Schools-Grad	Excess PTRC Distributions	Title I
Cash and investments - beginning	\$ 1,236	\$ -	\$ 7,975	\$ -	\$ 4,707	\$ -	\$ 13,182	\$ 15,703
Receipts:								
Local sources	-	-	-	-	9,354	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	27,981	-	900	20,000	11,924	-
Federal sources	-	-	-	6,300	-	-	-	60,614
Interfund loans	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-
Total receipts	-	-	27,981	6,300	10,254	20,000	11,924	60,614
Disbursements:								
Current:								
Instruction	-	-	20,501	1,921	-	-	-	71,253
Support services	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	480	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Interfund loans	-	-	-	-	-	-	-	-
Total disbursements	-	-	20,501	1,921	480	-	-	71,253
Excess (deficiency) of receipts over disbursements	-	-	7,480	4,379	9,774	20,000	11,924	(10,639)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	(11,924)	-
Total other financing sources (uses)	-	-	-	-	-	-	(11,924)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	7,480	4,379	9,774	20,000	-	(10,639)
Cash and investments - ending	\$ 1,236	\$ -	\$ 15,455	\$ 4,379	\$ 14,481	\$ 20,000	\$ 13,182	\$ 5,064

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2011  
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Safe/ Drug-Free Schools-Grad	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 1,224	\$ -	\$ (8,829)	\$ 34,020	\$ -	\$ -	\$ 6,049,844
Receipts:								
Local sources	-	-	-	-	-	-	-	2,252,727
Intermediate sources	-	-	-	-	-	-	-	173
State sources	-	-	-	-	-	-	-	5,165,373
Federal sources	-	-	30,666	10,136	-	-	-	210,731
Interfund loans	-	-	-	-	-	-	-	9,000
Other	-	-	-	-	-	-	1,166,593	1,166,980
Total receipts	-	-	30,666	10,136	-	-	1,166,593	8,804,984
Disbursements:								
Current:								
Instruction	-	-	30,666	547	18,932	-	-	3,702,618
Support services	-	300	-	-	-	-	-	2,585,598
Noninstructional services	-	-	-	-	-	-	-	470,587
Facilities acquisition and construction	-	-	-	-	15,088	-	-	590,230
Debt services	-	-	-	-	-	-	-	286,207
Nonprogrammed charges	-	-	-	-	-	-	1,166,593	1,166,593
Interfund loans	-	-	-	-	-	-	-	9,000
Total disbursements	-	300	30,666	547	34,020	-	1,166,593	8,810,833
Excess (deficiency) of receipts over disbursements	-	(300)	-	9,589	(34,020)	-	-	(5,849)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,065
Transfers in	-	-	-	-	-	-	-	214,924
Transfers out	-	-	-	-	-	-	-	(214,924)
Total other financing sources (uses)	-	-	-	-	-	-	-	1,065
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	(300)	-	9,589	(34,020)	-	-	(4,784)
Cash and investments - ending	\$ -	\$ 924	\$ -	\$ 760	\$ -	\$ -	\$ -	\$ 6,045,060

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Textbook Rental
Cash and investments - beginning	\$ 2,721,562	\$ 162,283	\$ 649,908	\$ 1,431,807	\$ 246,151	\$ 646,816	\$ 50,814	\$ 60,238
Receipts:								
Local sources	119,219	212,993	724,000	358,188	162,034	-	187,792	106,563
Intermediate sources	173	-	-	-	-	-	-	-
State sources	4,856,133	-	-	-	-	-	30,112	-
Federal sources	-	-	-	-	-	-	149,724	-
Other	-	-	-	372	-	-	-	-
Total receipts	<u>4,975,525</u>	<u>212,993</u>	<u>724,000</u>	<u>358,560</u>	<u>162,034</u>	<u>-</u>	<u>367,628</u>	<u>106,563</u>
Disbursements:								
Current:								
Instruction	3,003,335	-	-	-	-	86,362	-	-
Support services	1,615,539	-	144,637	473,244	175,736	19,528	-	163,750
Noninstructional services	88,943	-	-	-	-	-	391,006	-
Facilities acquisition and construction	-	-	685,507	-	-	-	-	-
Debt services	-	289,740	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	<u>4,707,817</u>	<u>289,740</u>	<u>830,144</u>	<u>473,244</u>	<u>175,736</u>	<u>105,890</u>	<u>391,006</u>	<u>163,750</u>
Excess (deficiency) of receipts over disbursements	<u>267,708</u>	<u>(76,747)</u>	<u>(106,144)</u>	<u>(114,684)</u>	<u>(13,702)</u>	<u>(105,890)</u>	<u>(23,378)</u>	<u>(57,187)</u>
Other financing sources (uses):								
Sale of capital assets	1,146	-	180	-	-	-	-	-
Transfers in	-	2,094	5,109	4,919	1,059	170,000	-	-
Transfers out	(113,000)	(936)	(4,665)	(37,566)	(1,088)	-	-	-
Total other financing sources (uses)	<u>(111,854)</u>	<u>1,158</u>	<u>624</u>	<u>(32,647)</u>	<u>(29)</u>	<u>170,000</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>155,854</u>	<u>(75,589)</u>	<u>(105,520)</u>	<u>(147,331)</u>	<u>(13,731)</u>	<u>64,110</u>	<u>(23,378)</u>	<u>(57,187)</u>
Cash and investments - ending	<u>\$ 2,877,416</u>	<u>\$ 86,694</u>	<u>\$ 544,388</u>	<u>\$ 1,284,476</u>	<u>\$ 232,420</u>	<u>\$ 710,926</u>	<u>\$ 27,436</u>	<u>\$ 3,051</u>

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	SAFE School Haven	Promotion of School Corporation	High Ability Gifted/ Talented	Medicaid Reimbursement	School Technology	Indiana Safe Schools-Grad	Excess PTRC Distributions	Title I
Cash and investments - beginning	\$ 1,236	\$ -	\$ 15,455	\$ 4,379	\$ 14,481	\$ 20,000	\$ 13,182	\$ 5,064
Receipts:								
Local sources	-	1,100	-	-	9,767	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-
State sources	-	-	27,137	-	1,233	-	62	-
Federal sources	-	-	-	676	-	-	-	69,416
Other	-	-	-	-	-	-	-	-
Total receipts	-	1,100	27,137	676	11,000	-	62	69,416
Disbursements:								
Current:								
Instruction	-	-	36,904	4,804	-	20,000	-	72,616
Support services	-	478	-	-	-	-	-	2,449
Noninstructional services	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	1,050	-	-	-
Debt services	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-
Total disbursements	-	478	36,904	4,804	1,050	20,000	-	75,065
Excess (deficiency) of receipts over disbursements	-	622	(9,767)	(4,128)	9,950	(20,000)	62	(5,649)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	7,256	-
Transfers out	-	-	-	-	-	-	(13,182)	-
Total other financing sources (uses)	-	-	-	-	-	-	(5,926)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	622	(9,767)	(4,128)	9,950	(20,000)	(5,864)	(5,649)
Cash and investments - ending	\$ 1,236	\$ 622	\$ 5,688	\$ 251	\$ 24,431	\$ -	\$ 7,318	\$ (585)

CASTON SCHOOL CORPORATION  
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, OTHER FINANCING SOURCES (USES), AND CASH AND INVESTMENT BALANCES -  
 REGULATORY BASIS  
 For the Year Ended June 30, 2012  
 (Continued)

	(IDEA, Part B) LEA Capacity Building (Sliver) Grants	Safe/ Drug-Free Schools-Grad	Improving Teaching Quality No Child Left Title II, Part A	Title I Grants to LEAs	Special Education Part B	Education Jobs	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ 924	\$ -	\$ 760	\$ -	\$ -	\$ -	\$ 6,045,060
Receipts:								
Local sources	-	-	-	-	-	-	-	1,881,656
Intermediate sources	-	-	-	-	-	-	-	173
State sources	-	-	-	-	-	-	-	4,914,677
Federal sources	-	-	58,848	-	-	34,856	-	313,520
Other	-	-	-	-	-	-	1,077,446	1,077,818
Total receipts	-	-	58,848	-	-	34,856	1,077,446	8,187,844
Disbursements:								
Current:								
Instruction	7,183	-	58,848	760	-	13,995	-	3,304,807
Support services	-	358	-	-	-	861	-	2,596,580
Noninstructional services	-	-	-	-	-	-	-	479,949
Facilities acquisition and construction	-	-	-	-	-	-	-	686,557
Debt services	-	-	-	-	-	-	-	289,740
Nonprogrammed charges	-	-	-	-	-	-	1,077,813	1,077,813
Total disbursements	7,183	358	58,848	760	-	14,856	1,077,813	8,435,446
Excess (deficiency) of receipts over disbursements	(7,183)	(358)	-	(760)	-	20,000	(367)	(247,602)
Other financing sources (uses):								
Sale of capital assets	-	-	-	-	-	-	-	1,326
Transfers in	-	-	-	-	-	-	-	190,437
Transfers out	-	-	-	-	-	(20,000)	-	(190,437)
Total other financing sources (uses)	-	-	-	-	-	(20,000)	-	1,326
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(7,183)	(358)	-	(760)	-	-	(367)	(246,276)
Cash and investments - ending	\$ (7,183)	\$ 566	\$ -	\$ -	\$ -	\$ -	\$ (367)	\$ 5,798,784

CASTON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 June 30, 2012

The School Corporation has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental activities:		
Capital leases:		
School Building Lease	\$ 135,000	\$ 137,700
Energy Savings Loan 2005	1,091,695	338,333
Energy Savings Loan SWL-52 2006	<u>37,500</u>	<u>10,000</u>
Total governmental activities debt	<u>\$ 1,264,195</u>	<u>\$ 486,033</u>

CASTON SCHOOL CORPORATION  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS  
 For The Year Ended June 30, 2012

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

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 20,000
Buildings	7,387,069
Improvements other than buildings	6,109,338
Machinery and equipment	<u>3,317,465</u>
 Total governmental activities, capital assets not being depreciated	 <u><u>\$ 16,833,872</u></u>

CASTON SCHOOL CORPORATION  
EXAMINATION RESULT AND COMMENT

***SEGREGATION OF DUTIES – INTERNAL CONTROLS OVER  
FINANCIAL TRANSACTIONS AND REPORTING***

Control activities should be selected and developed at various levels to reduce risks of error and/or fraud of the financial statements. The School Corporation has not separated incompatible activities related to all areas of the financial statements. The failure to establish these controls could enable material misstatements to be undetected. A similar comment was noted in the prior Report B38347.

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

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

CASTON SCHOOL CORPORATION  
EXIT CONFERENCE

The contents of this report were discussed on November 26, 2012, with Denise Chandler, Treasurer; Danny L. Foster, Superintendent of Schools; and Dr. James Ayers, President of the School Board. The officials concurred with our finding.