

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

FINANCIAL STATEMENT AND  
FEDERAL SINGLE AUDIT REPORT  
OF

CASTON SCHOOL CORPORATION  
FULTON COUNTY, INDIANA

July 1, 2014 to June 30, 2016



**FILED**  
06/16/2018



## 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 .....	12-16
Other Information - Unaudited:	
Combining Schedules of Receipts, Disbursements, Other Financing Sources (Uses), and Cash and Investment Balances - Regulatory Basis .....	19-24
Schedule of Payables and Receivables .....	25
Schedule of Leases and Debt .....	26
Schedule of Capital Assets .....	27
Supplemental Audit of Federal Awards:	
Independent Auditor's Report on Compliance for Each Major Federal Program and on Internal Control over Compliance .....	30-32
Schedule of Expenditures of Federal Awards and Accompanying Notes:	
Schedule of Expenditures of Federal Awards .....	34-35
Notes to Schedule of Expenditures of Federal Awards .....	36
Schedule of Findings and Questioned Costs .....	37-41
Auditee-Prepared Documents:	
Summary Schedule of Prior Audit Findings .....	44-46
Corrective Action Plan .....	47-48
Other Reports .....	49

### SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Angela Chapman	07-01-14 to 06-30-18
Superintendent of Schools	Lucinda Douglas	07-01-14 to 06-30-18
President of the School Board	Jason Herd Bruce Cress	01-01-14 to 12-31-14 01-01-15 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 CASTON SCHOOL CORPORATION, FULTON COUNTY, INDIANA

**Report on the Financial Statement**

We have audited the accompanying financial statement of the Caston 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 May 18, 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

May 18, 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 CASTON SCHOOL CORPORATION, FULTON 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 Caston 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 May 18, 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.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or 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. We consider the deficiencies described in the accompanying Schedule of Findings and Questioned Costs as item 2016-001 to be a material weakness.

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

**Compliance and Other Matters**

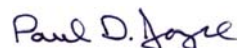
As part of obtaining reasonable assurance about whether the School Corporation's financial statement is free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and 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*.

**Caston School Corporation's Response to Findings**

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

**Purpose of This Report**

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

  
Paul D. Joyce, CPA  
State Examiner

May 18, 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.)

CASTON 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 07-01-14	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16
General	\$ 3,228,498	\$ 4,624,440	\$ 4,709,367	\$ (63,216)	\$ 3,080,355	\$ 4,448,502	\$ 4,958,421	\$ (94,399)	\$ 2,476,037
Debt Service	122,809	329,279	276,000	(19,541)	156,547	298,487	297,215	-	157,819
Capital Projects	287,983	681,381	769,166	(1,384)	198,814	785,785	595,622	-	388,977
School Transportation	1,132,430	788,633	506,206	(14,433)	1,400,424	807,603	533,514	(199,733)	1,474,780
School Bus Replacement	156,277	181,299	173,986	(217)	163,373	184,854	46,277	-	301,950
Rainy Day	726,146	-	46,072	87,766	767,840	17,752	285,843	300,000	799,749
School Lunch	89,151	376,426	390,028	-	75,549	363,569	413,979	-	25,139
Prepaid School Lunch	5,503	154,175	154,208	-	5,470	142,144	142,728	-	4,886
Textbook Rental	69,416	145,183	158,509	18,678	74,768	106,911	86,303	-	95,376
Levy Excess	-	267	-	-	267	-	-	(267)	-
Alternative Education	-	-	-	-	-	2,425	-	-	2,425
SAFE School Haven	1,236	-	-	-	1,236	-	-	-	1,236
Promotion of School Corp	138	-	-	-	138	4,600	-	-	4,738
Formative Assessment	-	-	-	-	-	6,687	6,687	-	-
High Ability Gifted & Talented	3,383	27,092	18,576	-	11,899	28,262	36,226	-	3,935
Medicaid Reimbursement	307	28	-	-	335	-	-	-	335
School Technology	46,061	11,951	1,020	-	56,992	13,419	14,041	-	56,370
Excel Performance Grant	-	10,159	10,159	-	-	-	-	-	-
Youth Health Service	150	-	-	-	150	-	-	-	150
ISTA Settlement	306,218	2,513	107,218	-	201,513	777	184,353	-	17,937
Excess PTRC Distributions	7,318	-	-	-	7,318	-	-	-	7,318
Title I Grants to LEAs FY14	(20,075)	60,963	40,888	-	-	-	-	-	-
Title I Grants to LEAs FY15	-	191,360	204,950	-	(13,590)	48,324	34,734	-	-
Title I Grants to LEAs FY16	-	-	-	-	-	151,294	200,320	-	(49,026)
Safe/Drug-Free Schools	711	1,283	1,994	-	-	2,845	-	-	2,845
Improving Teacher Quality, No Child Left, Title II, Part A	-	11,746	13,671	-	(1,925)	29,337	39,642	-	(12,230)
Rural Schools and Low Income Program - Pass Through State	-	140	140	-	-	8,238	8,238	-	-
Payroll Withholding	(33)	1,621,461	1,621,428	-	-	1,735,843	1,735,843	-	-
Totals	<u>\$ 6,163,627</u>	<u>\$ 9,219,779</u>	<u>\$ 9,203,586</u>	<u>\$ 7,653</u>	<u>\$ 6,187,473</u>	<u>\$ 9,187,658</u>	<u>\$ 9,619,986</u>	<u>\$ 5,601</u>	<u>\$ 5,760,746</u>

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, 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.

CASTON 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.

*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.

*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.

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

*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.

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.

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 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.

*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

CASTON SCHOOL CORPORATION  
NOTES TO FINANCIAL STATEMENT  
(Continued)

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. This is a result of the funds being set up for reimbursable grants. The reimbursements for expenditures made by the School Corporation were not received by June 30, 2015 and 2016.

**Note 8. Holding Corporation**

The School Corporation has entered into a capital lease with the Caston Educational 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 \$269,100 and \$275,763, respectively.

**Note 9. Subsequent Events**

The School Corporation entered into a lease agreement with the Caston Educational Building Corporation for \$1,985,000 for the purpose of renovating the kitchen, cafeteria, and concessions. This project started in May 2017 and was completed December 2017. The first lease rental payment of \$73,500 was due June 30, 2017, and the last lease rental payment of \$102,000 will be December 31, 2029.

#### 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.

(This page intentionally left blank.)

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, 2015

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Prepaid School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 3,228,498	\$ 122,809	\$ 287,983	\$ 1,132,430	\$ 156,277	\$ 726,146	\$ 89,151	\$ 5,503	\$ 69,416	\$ -
Receipts:										
Local sources	81,887	329,279	681,381	788,633	181,299	-	155,709	-	116,908	267
Intermediate sources	174	-	-	-	-	-	-	-	-	-
State sources	4,542,379	-	-	-	-	-	4,235	-	28,275	-
Federal sources	-	-	-	-	-	-	216,482	-	-	-
Other receipts	-	-	-	-	-	-	-	154,175	-	-
Total receipts	<u>4,624,440</u>	<u>329,279</u>	<u>681,381</u>	<u>788,633</u>	<u>181,299</u>	<u>-</u>	<u>376,426</u>	<u>154,175</u>	<u>145,183</u>	<u>267</u>
Disbursements:										
Instruction	2,942,881	-	-	-	-	44,027	-	-	-	-
Support services	1,667,766	-	130,630	506,206	173,986	2,045	-	-	158,509	-
Noninstructional services	98,720	-	-	-	-	-	390,028	-	-	-
Facilities acquisition and construction	-	-	638,536	-	-	-	-	-	-	-
Debt service	-	276,000	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	154,208	-	-
Total disbursements	<u>4,709,367</u>	<u>276,000</u>	<u>769,166</u>	<u>506,206</u>	<u>173,986</u>	<u>46,072</u>	<u>390,028</u>	<u>154,208</u>	<u>158,509</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(84,927)</u>	<u>53,279</u>	<u>(87,785)</u>	<u>282,427</u>	<u>7,313</u>	<u>(46,072)</u>	<u>(13,602)</u>	<u>(33)</u>	<u>(13,326)</u>	<u>267</u>
Other financing sources (uses):										
Sale of capital assets	7,653	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	3,424	-	87,766	-	-	18,678	3,424
Transfers out	(70,869)	(19,541)	(1,384)	(17,857)	(217)	-	-	-	-	(3,424)
Total other financing sources (uses)	<u>(63,216)</u>	<u>(19,541)</u>	<u>(1,384)</u>	<u>(14,433)</u>	<u>(217)</u>	<u>87,766</u>	<u>-</u>	<u>-</u>	<u>18,678</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(148,143)</u>	<u>33,738</u>	<u>(89,169)</u>	<u>267,994</u>	<u>7,096</u>	<u>41,694</u>	<u>(13,602)</u>	<u>(33)</u>	<u>5,352</u>	<u>267</u>
Cash and investments - ending	<u>\$ 3,080,355</u>	<u>\$ 156,547</u>	<u>\$ 198,814</u>	<u>\$ 1,400,424</u>	<u>\$ 163,373</u>	<u>\$ 767,840</u>	<u>\$ 75,549</u>	<u>\$ 5,470</u>	<u>\$ 74,768</u>	<u>\$ 267</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, 2015

	Alternative Education	SAFE School Haven	Promotion of School Corp	Formative Assessment	High Ability Gifted & Talented	Medicaid Reimbursement	School Technology	Excel Performance Grant	Youth Health Service	ISTA Settlement
Cash and investments - beginning	\$ -	\$ 1,236	\$ 138	\$ -	\$ 3,383	\$ 307	\$ 46,061	\$ -	\$ 150	\$ 306,218
Receipts:										
Local sources	-	-	-	-	-	-	6,542	-	-	2,513
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	27,092	-	5,409	10,159	-	-
Federal sources	-	-	-	-	-	28	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	-	-	27,092	28	11,951	10,159	-	2,513
Disbursements:										
Instruction	-	-	-	-	18,576	-	-	9,235	-	-
Support services	-	-	-	-	-	-	-	924	-	107,218
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	1,020	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	-	-	18,576	-	1,020	10,159	-	107,218
Excess (deficiency) of receipts over disbursements	-	-	-	-	8,516	28	10,931	-	-	(104,705)
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	-	-	-	-	8,516	28	10,931	-	-	(104,705)
Cash and investments - ending	\$ -	\$ 1,236	\$ 138	\$ -	\$ 11,899	\$ 335	\$ 56,992	\$ -	\$ 150	\$ 201,513

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, 2015

	Excess PTRC Distributions	Title I Grants to LEAs FY14	Title I Grants to LEAs FY15	Title I Grants to LEAs FY16	Safe/Drug-Free Schools	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Totals
Cash and investments - beginning	\$ 7,318	\$ (20,075)	\$ -	\$ -	\$ 711	\$ -	\$ -	\$ (33)	\$ 6,163,627
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,344,418
Intermediate sources	-	-	-	-	-	-	-	-	174
State sources	-	-	-	-	-	-	-	-	4,617,549
Federal sources	-	60,963	191,360	-	1,283	11,746	140	-	482,002
Other receipts	-	-	-	-	-	-	-	1,621,461	1,775,636
Total receipts	-	60,963	191,360	-	1,283	11,746	140	1,621,461	9,219,779
Disbursements:									
Instruction	-	28,186	139,227	-	-	-	-	-	3,182,132
Support services	-	12,702	65,723	-	1,994	13,671	-	-	2,841,374
Noninstructional services	-	-	-	-	-	-	-	-	488,748
Facilities acquisition and construction	-	-	-	-	-	-	140	-	639,696
Debt service	-	-	-	-	-	-	-	-	276,000
Nonprogrammed charges	-	-	-	-	-	-	-	1,621,428	1,775,636
Total disbursements	-	40,888	204,950	-	1,994	13,671	140	1,621,428	9,203,586
Excess (deficiency) of receipts over disbursements	-	20,075	(13,590)	-	(711)	(1,925)	-	33	16,193
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	7,653
Transfers in	-	-	-	-	-	-	-	-	113,292
Transfers out	-	-	-	-	-	-	-	-	(113,292)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	7,653
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	20,075	(13,590)	-	(711)	(1,925)	-	33	23,846
Cash and investments - ending	\$ 7,318	\$ -	\$ (13,590)	\$ -	\$ -	\$ (1,925)	\$ -	\$ -	\$ 6,187,473

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, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	School Lunch	Prepaid School Lunch	Textbook Rental	Levy Excess
Cash and investments - beginning	\$ 3,080,355	\$ 156,547	\$ 198,814	\$ 1,400,424	\$ 163,373	\$ 767,840	\$ 75,549	\$ 5,470	\$ 74,768	\$ 267
Receipts:										
Local sources	76,310	298,487	785,785	807,603	184,854	17,752	146,850	-	106,911	-
Intermediate sources	173	-	-	-	-	-	-	-	-	-
State sources	4,372,019	-	-	-	-	-	3,887	-	-	-
Federal sources	-	-	-	-	-	-	212,832	-	-	-
Other receipts	-	-	-	-	-	-	-	142,144	-	-
Total receipts	<u>4,448,502</u>	<u>298,487</u>	<u>785,785</u>	<u>807,603</u>	<u>184,854</u>	<u>17,752</u>	<u>363,569</u>	<u>142,144</u>	<u>106,911</u>	<u>-</u>
Disbursements:										
Instruction	3,183,805	-	-	-	-	29,225	-	-	-	-
Support services	1,683,632	19,715	137,689	533,514	46,277	19,998	-	-	86,303	-
Noninstructional services	90,984	-	-	-	-	-	413,979	-	-	-
Facilities acquisition and construction	-	-	457,933	-	-	236,620	-	-	-	-
Debt service	-	277,500	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	142,728	-	-
Total disbursements	<u>4,958,421</u>	<u>297,215</u>	<u>595,622</u>	<u>533,514</u>	<u>46,277</u>	<u>285,843</u>	<u>413,979</u>	<u>142,728</u>	<u>86,303</u>	<u>-</u>
Excess (deficiency) of receipts over disbursements	<u>(509,919)</u>	<u>1,272</u>	<u>190,163</u>	<u>274,089</u>	<u>138,577</u>	<u>(268,091)</u>	<u>(50,410)</u>	<u>(584)</u>	<u>20,608</u>	<u>-</u>
Other financing sources (uses):										
Sale of capital assets	5,601	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	267	-	300,000	-	-	-	-
Transfers out	(100,000)	-	-	(200,000)	-	-	-	-	-	(267)
Total other financing sources (uses)	<u>(94,399)</u>	<u>-</u>	<u>-</u>	<u>(199,733)</u>	<u>-</u>	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(267)</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>(604,318)</u>	<u>1,272</u>	<u>190,163</u>	<u>74,356</u>	<u>138,577</u>	<u>31,909</u>	<u>(50,410)</u>	<u>(584)</u>	<u>20,608</u>	<u>(267)</u>
Cash and investments - ending	<u>\$ 2,476,037</u>	<u>\$ 157,819</u>	<u>\$ 388,977</u>	<u>\$ 1,474,780</u>	<u>\$ 301,950</u>	<u>\$ 799,749</u>	<u>\$ 25,139</u>	<u>\$ 4,886</u>	<u>\$ 95,376</u>	<u>\$ -</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, 2016

	Alternative Education	SAFE School Haven	Promotion of School Corp	Formative Assessment	High Ability Gifted & Talented	Medicaid Reimbursement	School Technology	Excel Performance Grant	Youth Health Service	ISTA Settlement
Cash and investments - beginning	\$ -	\$ 1,236	\$ 138	\$ -	\$ 11,899	\$ 335	\$ 56,992	\$ -	\$ 150	\$ 201,513
Receipts:										
Local sources	-	-	4,600	-	-	-	6,855	-	-	777
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	2,425	-	-	6,687	28,262	-	6,564	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	<u>2,425</u>	<u>-</u>	<u>4,600</u>	<u>6,687</u>	<u>28,262</u>	<u>-</u>	<u>13,419</u>	<u>-</u>	<u>-</u>	<u>777</u>
Disbursements:										
Instruction	-	-	-	6,687	36,226	-	-	-	-	-
Support services	-	-	-	-	-	-	-	-	-	184,353
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	14,041	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,687</u>	<u>36,226</u>	<u>-</u>	<u>14,041</u>	<u>-</u>	<u>-</u>	<u>184,353</u>
Excess (deficiency) of receipts over disbursements	<u>2,425</u>	<u>-</u>	<u>4,600</u>	<u>-</u>	<u>(7,964)</u>	<u>-</u>	<u>(622)</u>	<u>-</u>	<u>-</u>	<u>(183,576)</u>
Other financing sources (uses):										
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	<u>2,425</u>	<u>-</u>	<u>4,600</u>	<u>-</u>	<u>(7,964)</u>	<u>-</u>	<u>(622)</u>	<u>-</u>	<u>-</u>	<u>(183,576)</u>
Cash and investments - ending	<u>\$ 2,425</u>	<u>\$ 1,236</u>	<u>\$ 4,738</u>	<u>\$ -</u>	<u>\$ 3,935</u>	<u>\$ 335</u>	<u>\$ 56,370</u>	<u>\$ -</u>	<u>\$ 150</u>	<u>\$ 17,937</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, 2016

	Excess PTRC Distributions	Title I Grants to LEAs FY14	Title I Grants to LEAs FY15	Title I Grants to LEAs FY16	Safe/Drug-Free Schools	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Payroll Withholding	Totals
Cash and investments - beginning	\$ 7,318	\$ -	\$ (13,590)	\$ -	\$ -	\$ (1,925)	\$ -	\$ -	\$ 6,187,473
Receipts:									
Local sources	-	-	-	-	-	-	-	-	2,436,784
Intermediate sources	-	-	-	-	-	-	-	-	173
State sources	-	-	-	-	-	-	-	-	4,419,844
Federal sources	-	-	48,324	151,294	2,845	22,707	8,238	-	446,240
Other receipts	-	-	-	-	-	6,630	-	1,735,843	1,884,617
Total receipts	-	-	48,324	151,294	2,845	29,337	8,238	1,735,843	9,187,658
Disbursements:									
Instruction	-	-	20,005	51,508	-	9,474	-	-	3,336,930
Support services	-	-	14,729	124,528	-	22,568	938	-	2,874,244
Noninstructional services	-	-	-	24,284	-	-	-	-	529,247
Facilities acquisition and construction	-	-	-	-	-	7,600	7,300	-	723,494
Debt service	-	-	-	-	-	-	-	-	277,500
Nonprogrammed charges	-	-	-	-	-	-	-	1,735,843	1,878,571
Total disbursements	-	-	34,734	200,320	-	39,642	8,238	1,735,843	9,619,986
Excess (deficiency) of receipts over disbursements	-	-	13,590	(49,026)	2,845	(10,305)	-	-	(432,328)
Other financing sources (uses):									
Sale of capital assets	-	-	-	-	-	-	-	-	5,601
Transfers in	-	-	-	-	-	-	-	-	300,267
Transfers out	-	-	-	-	-	-	-	-	(300,267)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	5,601
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	-	13,590	(49,026)	2,845	(10,305)	-	-	(426,727)
Cash and investments - ending	\$ 7,318	\$ -	\$ -	\$ (49,026)	\$ 2,845	\$ (12,230)	\$ -	\$ -	\$ 5,760,746

CASTON SCHOOL CORPORATION  
SCHEDULE OF PAYABLES AND RECEIVABLES  
June 30, 2016

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 74,043</u>	<u>\$ 60,337</u>

CASTON SCHOOL CORPORATION  
SCHEDULE OF LEASES AND DEBT  
June 30, 2016

<u>Lessor</u>	<u>Purpose</u>	<u>Annual Lease Payment</u>	<u>Lease Beginning Date</u>	<u>Lease Ending Date</u>
Governmental activities: Caston Educational Building Corporation	Ad Valorem Property Tax First Mortgage Bonds 2012	<u>\$ 275,763</u>	07/03/2012	01/15/2021

CASTON 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	\$ 20,000
Buildings	8,840,468
Improvements other than buildings	6,773,095
Machinery, equipment, and vehicles	<u>4,249,968</u>
Total capital assets	<u><u>\$ 19,883,531</u></u>

(This page intentionally left blank.)

SUPPLEMENTAL AUDIT OF  
FEDERAL AWARDS



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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

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

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

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

**Report on Compliance for Each Major Federal Program**

We have audited the Caston 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.

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

***Basis for Qualified Opinion on the Special Education Cluster (IDEA)***

As described in item 2016-002 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Procurement and Suspension and Debarment that are applicable to its Special Education Cluster (IDEA). Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that Cluster's programs.

***Qualified Opinion on the Special Education Cluster (IDEA)***

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on the Special Education Cluster (IDEA)* paragraph, 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 the Special Education Cluster (IDEA) for the period of July 1, 2014 to June 30, 2016.

***Unmodified Opinion on the Child Nutrition Cluster***

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 its Child Nutrition Cluster for the period of July 1, 2014 to June 30, 2016.

***Other Matters***

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

**Report on Internal Control over Compliance**

Management of the School Corporation is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the School Corporation's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School Corporation's internal control over compliance.

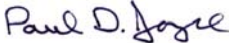
Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies and, therefore, material weaknesses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

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

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 2016-002 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

May 18, 2018

#### 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.

GASTON 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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed 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 14-15, FY 15-16	\$ -	\$ 43,224	\$ -	\$ 41,781
National School Lunch Program	Indiana Department of Education	10.555	FY 14-15, FY 15-16	-	149,568	-	145,850
National School Lunch Program - Commodities			FY 14-15, FY 15-16	-	26,929	-	25,507
Total - National School Lunch Program				-	176,497	-	171,357
Summer Food Service Program for Children	Indiana Department of Education	10.559	FY 14-15, FY 15-16	-	-	-	7,246
Total - Child Nutrition Cluster				-	219,721	-	220,384
Child Nutrition Discretionary Grants Limited Availability	Indiana Department of Education	10.579	A58-6-16SS-0108	-	-	-	18,000
Total - Department of Agriculture				-	219,721	-	238,384
<u>Department of Education</u>							
Title I Grants to Local Educational Agencies							
	Indiana Department of Education	84.010	14-2650	-	60,963	-	-
			15-2650	-	191,360	-	48,324
			16-2650	-	-	-	151,294
Total - Title I Grants to Local Educational Agencies				-	252,323	-	199,618
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027	14213-037-PN01	-	1,281	-	-
			14214-037-PN01	-	123,834	-	6,490
			14215-037-PN01	-	35,168	-	122,055
			14216-035-PN01	-	-	-	24,891
			99914-037-PN01	-	2,267	-	878
Total - Special Education_Grants to State				-	162,550	-	154,314

CASTON 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	Passed Through to Subrecipient 06-30-15	Total Federal Awards Expended 06-30-15	Passed Through to Subrecipient 06-30-16	Total Federal Awards Expended 06-30-16
Special Education_Preschool Grants		84.173	45714-037-PN01	-	3,043	-	395
			45715-037-PN01	-	1,400	-	4,448
			45716-035-PN01	-	-	-	913
Total - Special Education_Preschool Grants				-	4,443	-	5,756
Total - Special Education Cluster (IDEA)				-	166,993	-	160,070
Rural Education	Indiana Department of Education	84.358	14-2650	-	140	-	4,500
			15-2650	-	-	-	3,738
Total - Rural Education				-	140	-	8,238
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367	14-2650	-	11,746	-	-
			16-2650	-	-	-	22,707
Total - Supporting Effective Instruction State Grants				-	11,746	-	22,707
Total - Department of Education				-	431,202	-	390,633
Total federal awards expended				\$ -	\$ 650,923	\$ -	\$ 629,017

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

CASTON 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.

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

Federal Awards:

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

Identification of Major Programs:

\_\_\_\_\_ Name of Federal Program or Cluster \_\_\_\_\_

Child Nutrition Cluster  
Special Education Cluster (IDEA)

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

Auditee qualified as low-risk auditee? no

**Section II - Financial Statement Findings**

**FINDING 2016-001**

Subject: Preparation of the Schedule of Expenditures of Federal Awards  
Audit Finding: Material Weakness

*Repeat Finding*

This is a repeat finding from the immediately prior report. The prior audit finding number was 2014-001.

CASTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Condition*

The School Corporation had not established effective internal controls over the financial information entered into the Indiana Gateway for Government Units financial reporting system, which was the source for the Schedule of Expenditures of Federal Awards (SEFA). One employee prepared the SEFA without evidence of a review or approval process, or other compensating control.

*Context*

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

*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.

An integral part of the control activity component is segregation of duties. . . .

There is an expectation of segregation of duties. If compensating controls are necessary, documentation should exist to identify both the areas where segregation of duties are not feasible or practical and the compensating controls implemented to mitigate the risk. . . ."

*Cause*

Management had not established a system of internal control to ensure proper reporting of the SEFA.

*Effect*

The failure to establish controls could have enabled material misstatements or irregularities to remain undetected.

*Recommendation*

We recommended that the School Corporation's management establish a system of internal controls related to preparation of the SEFA.

*Views of Responsible Officials*

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

CASTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

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

**FINDING 2016-002**

Subject: Special Education Cluster (IDEA) - Procurement and Suspension and Debarment

Federal Agency: Department of Education

Federal Programs: Special Education\_Grants to States, Special Education\_Preschool Grants

CFDA Numbers: 84.027, 84.173

Federal Award Numbers and Years (or Other Identifying Numbers): 14214-037-PN01, 14215-037-PN01,  
14216-035-PN01, 99914-037-PN01,  
45714-037-PN01, 45715-037-PN01,  
45716-035-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Procurement and Suspension and Debarment

Audit Findings: Material Weakness, Modified Opinion

*Condition*

An effective internal control system was not in place at the School Corporation in order to ensure compliance with requirements related to the grant agreement and the Procurement and Suspension and Debarment compliance requirement. The School Corporation was a participating member school corporation of the Logansport Area Joint Special Education Cooperative (Cooperative). Logansport Community Schools was the fiscal agent and administrator of the Cooperative. The School Corporation relied on the Cooperative to comply with the Procurement and Suspension and Debarment compliance requirement of the Special Education Cluster (IDEA) programs. Because the grant agreements were between the Indiana Department of Education and each member school corporation of the Cooperative, each member school corporation was ultimately responsible for ensuring compliance with the compliance requirement.

*Procurement*

The School Corporation had not established effective controls to ensure that its procurement policies were followed.

The School Corporation failed to comply with the procurement requirement that small purchases must be in compliance with its procurement procedures and state laws and procedures. Small purchase procedures were not followed, which required that price or rate quotations be obtained from an adequate number of qualified sources. There were no quotes obtained for the non-contracted purchases during the audit period. Contracted procurement was not conducted in a manner that encouraged full and open competition.

*Suspension and Debarment*

The School Corporation had not established effective controls to ensure that vendors were not suspended or debarred or otherwise excluded from participation in federal assistance programs.

The School Corporation did not perform any procedures to ensure that vendors were not suspended or debarred from participation in federal programs before entering into a contract.

CASTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

*Context*

The lack of controls occurred throughout the audit period and noncompliance were systemic issues throughout the 2016 school year.

*Criteria*

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). . . ."

2 CFR 200.320(b) states:

"Procurement by small purchase procedures. Small purchase procedures are those relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than the Simplified Acquisition Threshold. If small purchase procedures are used, price or rate quotations must be obtained from an adequate number of qualified sources."

2 CFR 180.300 states:

"When you enter into a covered transaction with another person at the next lower tier, you must verify that the person with whom you intend to do business is not excluded or disqualified.

You do this by:

- (a) Checking SAM Exclusions; or
- (b) Collecting a certification from that person; or
- (c) Adding a clause or condition to the covered transaction with that person."

*Logansport Community Schools Policy 6325 - PROCUREMENT - FEDERAL GRANTS/FUNDS*  
states:

"Competition

All procurement transactions shall be conducted in a manner that encourages full and open competition and is in accordance with good administrative practice and sound business judgment. . . .

CASTON SCHOOL CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
(Continued)

Procurement Methods

The Corporation shall utilize the following methods of procurement:

A. Sealed Bids

Sealed, competitive bids shall be obtained when the purchase of, and contract for, single items of supplies, materials, or equipment amounts to \$150,000 and when the Board determines to build, repair, enlarge, improve, or demolish a school building/facility the cost of which will exceed the amount allowed by Indiana statute."

*Cause*

The School Corporation had not developed a system of internal controls that would have ensured compliance with the Procurement and Suspension and Debarment compliance requirement.

*Effect*

The failure to establish an effective internal control system enabled material noncompliance to go undetected. Noncompliance with the grant agreement and the compliance requirement could have resulted in the loss of federal funds to the School Corporation.

*Questioned Costs*

There were no questioned costs identified.

*Recommendation*

We recommended that the School Corporation's management establish controls to ensure compliance and comply with the Procurement and Suspension and Debarment compliance requirement.

*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.

**Caston School Corporation**  
P.O. Box 8  
Fulton, Indiana 46931-0008  
**OFFICE OF THE SUPERINTENDENT**  
Phone: 574-857-2035  
FAX: 574-857-6795

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2014-001***

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Angela Chapman**

Contact Phone Number: **574-857-2035**

**Status of Audit Finding:**

Caston School Corporation has taken steps to improve the internal controls in preparing the Schedule of Federal Awards (SEFA). We have implemented procedures requiring more than one individual in the checks and balances of the federal grant activity. On a monthly basis we have reviewed the grant activity of the federal grants to determine a current grant status, and communication with the building administrators and Food Service Director has been enhanced so that the central office has a better understanding of decisions being made regarding the expenditures of the federal grant funds. Upon recommendations made during the last audit process, many of the changes took place instantly and have continued throughout the past two-year period.

Angela Chapman  
(Signature)

Treasurer  
(Title)

2-15-18  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

**Caston School Corporation**  
P.O. Box 8  
Fulton, Indiana 46931-0008  
**OFFICE OF THE SUPERINTENDENT**  
Phone: 574-857-2035  
FAX: 574-857-6795

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FINDING 2014-002**

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct:

Contact Person Responsible for Corrective Action: **Angela Chapman**

Contact Phone Number: **574-857-2035**

Status of Audit Finding:

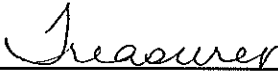
Procedures were implemented to protect against misstatements or irregularities in financial reporting for both the extracurricular and school cafeteria funds. This has included regular reporting to the central office and checking of balances by more than one individual to insure accuracy of daily transactions on a monthly basis.


The High School Principal has served as the ECA Administrator and provides oversight for the ECA Accounts. The treasurer does periodic review of food service accounts in accordance with board policy 8500.

The head cashier's duties were segregated and shared by the Food Service Director and the ECA Manager. The Food Service Director has checked and signed off on a daily basis to verify accuracy. Additionally, the ECA Treasurer verifies deposits from the cafeteria by running a tape to confirm the accuracy of the deposit and by signing off on the verification to document the procedure.

The cafeteria staff has implemented procedures to segregate the handling of cash so that more than one individual holds responsibility for this. Simple daily routines were put in place, such as a buddy system for making classroom collections, and has continued. The Food Service Director also verifies daily receipt reports and checks the deposit slip.

  
(Signature)

  
(Title)

  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

**Caston School Corporation**  
P.O. Box 8  
Fulton, Indiana 46931-0008  
**OFFICE OF THE SUPERINTENDENT**  
Phone: 574-857-2035  
FAX: 574-857-6795

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

***FINDING 2014-003***

Fiscal year in which the finding initially occurred: **FY 2012-2013 and FY 2013-2014**

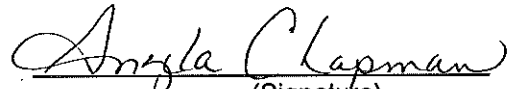
Pass-Through Entity, if pass-through or Federal Grantor Agency, if direct: **Indiana Department of Education**

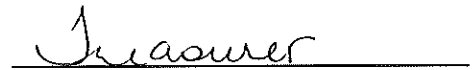
Contact Person Responsible for Corrective Action: **Angela Chapman**

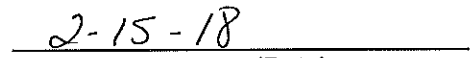
Contact Phone Number: **574-857-2035**

**Status of Audit Finding:**

The school corporation treasurer has made periodic reviews of the food service accounts to assure that the surplus does not become excessive per board policy 8500. The treasurer has reviewed the cafeteria statements on a monthly basis and signs off on these reports. The Superintendent reviews and discusses the grant annually with the cafeteria manager and provides oversight in the administration of the grant to help assure that federal compliance requirements are in place.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

(Note to Officials: To determine what audit findings are required to be reported in the Summary Schedule of Prior Audit Findings, please see U.S. Office of Management and Budget (OMB), Circular A-133, Subpart C, section .315(b) for audit periods beginning before December 26, 2014. For audit periods beginning after December 26, 2014, please see 2 CFR §200.511(b).)

**Caston School Corporation**  
P.O. Box 8  
Fulton, Indiana 46931-0008  
**OFFICE OF THE SUPERINTENDENT**  
Phone: 574-857-2035  
FAX: 574-857-6795

**CORRECTIVE ACTION PLAN**

**FINDING 2016-001**

Contact Person Responsible for Corrective Action: Treasurer & Superintendent  
Contact Phone Number: 574-857-2035

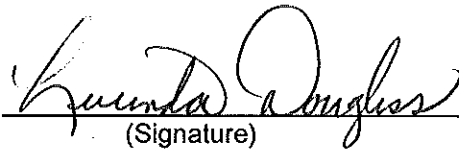
**Views of Responsible Official:** We concur with the finding

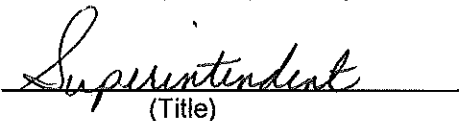
**Description of Corrective Action Plan:**

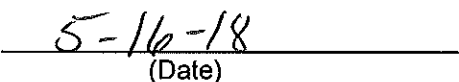
In a previous audit, Caston School Corporation was cited with **FINDING 2014-001 – Preparation of the schedule of expenditures of federal awards**. The concern specifically noted was that “the Superintendent had independently prepared the SEFA without oversight, review, or approval.” The Superintendent had assumed this duty due to the Treasurer leaving the school corporation, and the recent hiring/training of a new treasurer just weeks prior to the audit. Caston School Corporation agreed to implement a procedure requiring two essential personnel the responsibility of completing and/or reviewing the schedule as a part of the corrective action plan.

In the course of the 2014-15 and 2015-16 school years, corrections were implemented to the level of our understanding of appropriate actions needed. A worksheet, prepared by the Treasurer compiling the exact information that would be input into the SBOA Annual Financial Report had been discussed and reviewed by two or more essential personnel. Over time as we continued to improve upon our system of internal control, one or more individuals signed this worksheet to provide additional documentation of our practice which is reflected in the 2015-16 AFR preparation worksheet. This worksheet documents the financial information input into the SBOA Annual Financial Report in GATEWAY. The SBOA Annual Financial Report Attestation Form, however, had only been signed by the corporation treasurer, therefore it was determined that there was insufficient documentation of the implemented internal control. The reason for this oversight in documentation is that the SBOA Annual Financial Report Attestation Form only has one signature line intended for the Fiscal Officer submitting the form. This serves as the certification that “*the information submitted is accurate and agrees with the financial records, to the best of my knowledge and belief*”. Caston School Corporation will correct this concern by having a second essential personnel appropriately document the review of the final submission of SEFA with a second signature/date on the SBOA Annual Financial Report Attestation Form.

**Anticipated Completion Date:** This procedure will be implemented immediately and should be reflected on SBOA Annual Financial Report Attestation Forms effective with the 2017-2018 school year submittal August, 2018 and thereafter.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(Date)

**Caston School Corporation**  
P.O. Box 8  
Fulton, Indiana 46931-0008  
**OFFICE OF THE SUPERINTENDENT**  
Phone: 574-857-2035  
FAX: 574-857-6795

**CORRECTIVE ACTION PLAN**

***FINDING 2016-002***

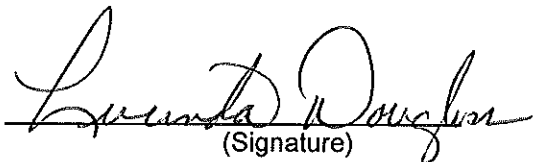
Contact Person Responsible for Corrective Action: Superintendent  
Contact Phone Number: 574-857-2035 x336

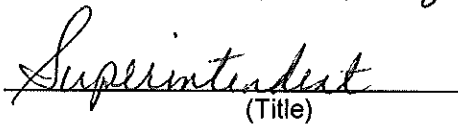
Views of Responsible Official: We concur with the finding

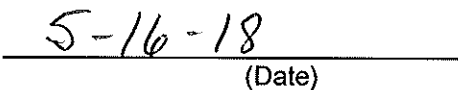
Description of Corrective Action Plan:

Caston participates in the Logansport Area Joint Special Services Cooperative for special education services. As a corrective action for the stated concerns for finding 2016-003, the Superintendent who serves on the LAJSSC Board of Directors will address the concerns with the Special Education Director and the Business Manager/Controller for Logansport School Corporation and work collaboratively to assure that the corrective actions are in place. Currently, the LAJSSC Special Education Director and the Logansport School Corporation Business Manager/Controller are working together to ensure compliance with Procurement, Suspension and Debarment. Guidelines in the March 12, 2018 adopted Internal Controls Manual for LCSC will be followed in this process.

Anticipated Completion Date: This corrective action plan will be in effect for all future purchases that would be made with Federal Awards designated for Caston School Corporation under the management of the LAJSSC effective July 1, 2018.

  
\_\_\_\_\_  
(Signature)

  
\_\_\_\_\_  
(Title)

  
\_\_\_\_\_  
(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/>.