

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

FINANCIAL STATEMENT AND
FEDERAL SINGLE AUDIT REPORT
OF

NEW CASTLE COMMUNITY SCHOOL CORPORATION
HENRY COUNTY, INDIANA

July 1, 2015 to June 30, 2017



FILED
03/15/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Treasurer	Megan Bell	07-01-13 to 06-30-19
Superintendent of Schools	Stephen Fisher Stephen Welsh (interim) Dr. Matthew Shoemaker	07-01-13 to 05-31-17 06-01-17 to 09-30-17 10-01-17 to 06-30-21
President of the School Board	Dr. Mark Davisson Nan Polk Elizabeth Whitmer Jamey Marcum	01-01-15 to 12-31-15 01-01-16 to 12-31-16 01-01-17 to 12-31-17 01-01-18 to 12-31-18



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INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF THE NEW CASTLE COMMUNITY
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

Report on the Financial Statement

We have audited the accompanying financial statement of the New Castle Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, 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, 2015 to June 30, 2017.

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, 2015 to June 30, 2017, 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 Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, 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 December 20, 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

December 20, 2018



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

TO: THE OFFICIALS OF THE NEW CASTLE COMMUNITY
SCHOOL CORPORATION, HENRY 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 New Castle Community School Corporation (School Corporation), which comprises the financial position and results of operations for the period of July 1, 2015 to June 30, 2017, and the related notes to the financial statement, and have issued our report thereon dated December 20, 2018, wherein we noted the School Corporation followed accounting practices the Indiana State Board of Accounts prescribes rather than accounting principles generally accepted in the United States of America.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the School Corporation's financial statement will not be prevented, or detected and corrected, on a timely basis. A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

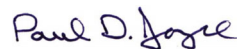
INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF THE FINANCIAL
STATEMENT PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*
(Continued)

Compliance and Other Matters

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

Purpose of This Report

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


Paul D. Joyce, CPA
State Examiner

December 20, 2018

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FINANCIAL STATEMENT AND ACCOMPANYING NOTES

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments			Other Financing Sources (Uses)	Cash and Investments
	07-01-15	Receipts	Disbursements		06-30-16	Receipts	Disbursements		
General	\$ 1,619,178	\$ 22,783,482	\$ 22,840,729	\$ 40,258	\$ 1,602,189	\$ 22,924,863	\$ 23,098,116	\$ (13,689)	\$ 1,415,247
Debt Service	718,174	2,578,227	2,300,899	(13,293)	982,209	2,773,626	2,650,877	(53,696)	1,051,262
Capital Projects	3,230,354	1,753,790	1,814,339	-	3,169,805	1,663,878	1,600,528	-	3,233,155
School Transportation	1,383,184	1,802,033	1,578,322	5,311	1,612,206	1,794,467	1,481,783	(250,000)	1,674,890
School Bus Replacement	328,560	293,105	225,736	-	395,929	284,983	379,102	-	301,810
Rainy Day	806,163	-	226,706	-	579,457	-	353,143	685,400	911,714
Post-Retirement/Severance Future Benefits	713,435	50,000	203,695	-	559,740	-	51,117	-	508,623
Construction	-	-	-	-	-	-	-	-	-
Construction Fund - 2016 Bonds	-	-	-	-	-	-	197,857	1,664,600	1,466,743
School Lunch	330,187	1,762,085	1,525,987	-	566,285	1,594,807	1,481,614	-	679,478
Textbook Rental	437,092	306,930	273,001	(1,332)	469,689	321,515	458,690	48,054	380,568
Repair and Replacement	-	-	-	-	-	4,686	1,185	-	3,501
Self-Insurance	6,479,889	4,393,562	5,646,087	-	5,227,364	4,145,231	5,293,389	-	4,079,206
Levy Excess	5,311	-	-	(5,311)	-	-	-	-	-
Joint Services and Supply - Special Education Cooperative	509,327	3,011,157	2,257,908	(725,000)	537,576	2,044,177	1,574,569	(625,000)	382,184
Joint Services and Supply - 1310 Preschool Cooperative	60,377	-	243,175	225,000	42,202	-	243,114	225,000	24,088
Special Education Intensive Service	73,021	-	493,821	500,000	79,200	-	448,038	400,000	31,162
Joint Services and Supply - Area Vocational School	523,077	1,565,260	1,440,200	-	648,137	1,503,052	1,470,182	-	681,007
Area Vocational Building Project	13,029	4,267	14,986	-	2,310	25,894	14,168	-	14,036
Area Vocational Special School	1,188	5,271	2,212	-	4,247	12,952	10,981	-	6,218
AVS Preschool program	1,520	2,200	1,663	-	2,057	1,480	1,613	-	1,924
Machine Trades Special Project	26,845	10,780	23,675	-	13,950	1,484	5,170	-	10,264
AVS CAD Program	1,473	5,081	5,850	-	704	5,925	4,993	-	1,636
AVS EMT Program	462	25,120	16,335	-	9,247	30,874	26,081	-	14,040
AVS Youth Center	79	-	-	-	79	-	-	-	79
AVS Culinary Arts	2,178	16,995	16,073	-	3,100	13,939	14,765	-	2,274
AVS Broadcasting	7,155	11,370	8,902	-	9,623	6,941	10,849	-	5,715
AVS Veterinary Science	1,865	5,961	3,980	-	3,846	6,092	5,734	-	4,204
AVS Graphic Arts	3,117	6,451	5,291	-	4,277	6,518	8,010	-	2,785
AVS Cosmology	8,467	23,787	21,844	-	10,410	20,957	20,331	-	11,036
NCACP Dental Assisting	917	5,576	5,524	-	969	2,640	2,003	-	1,606
AVS Computer Operations	244	1,435	1,375	-	304	574	350	-	528
NCACC Administration	2,244	61	774	-	1,531	-	90	-	1,441
Educational License Plates	356	150	356	-	150	188	132	-	206
Alternative Education	2,627	-	-	-	2,627	-	-	-	2,627
Lilly Endowment - Counseling	-	-	-	-	-	30,000	15,228	-	14,772
Scholarship Memorial Funds	7,299	-	160	-	7,139	-	157	-	6,982
Carmichael Scholarship Trust	1,815,886	13,077	15,477	-	1,813,486	14,470	17,806	-	1,810,150
Grants AVS	6,958	1,000	1,742	-	6,216	1,000	1,516	-	5,700
New Castle Career Center	8,785	11,464	12,168	-	8,081	13,000	6,000	-	15,081
Donation	2,714	-	187	-	2,527	100,000	66	(100,000)	2,461
Donation - NCHS Athletic Field	-	-	-	-	-	11,500	-	-	11,500
Grants NCMS	798	2,192	1,610	-	1,380	2,205	2,869	-	716
Grants Elementary Library	128	-	-	-	128	-	-	-	128
Grants Alternative & Spec ED	553	-	-	-	553	-	-	-	553
Grants CHS	2,815	-	-	-	2,815	-	-	-	2,815
Grants Eastwood	672	612	150	-	1,134	1,200	733	-	1,601
Grants Wilbur Wright	5,525	228	10,361	-	(4,608)	7,532	1,418	-	1,506
Robson Scholarship Trust	552,944	3,139	1,000	-	555,083	3,093	1,000	-	557,176
Parker Library Robson Trust	50,986	1,079	-	-	52,065	(106)	983	-	50,976
Instructional Support	2,708	9,825	10,457	-	2,076	9,994	10,764	-	1,306
Grants Westwood	558	1,687	243	-	2,002	550	1,776	-	776
Professional Development DOE	6,993	-	67	-	6,926	-	1,203	-	5,723
Grants Greenstreet	80	-	80	-	-	-	-	-	-
Grants Sunnyside	1,758	362	700	-	1,420	-	-	-	1,420
Grants Riley	970	-	-	-	970	-	-	-	970

NEW CASTLE COMMUNITY SCHOOL CORPORATION
STATEMENT OF RECEIPTS, DISBURSEMENTS,
OTHER FINANCING SOURCES (USES), AND CASH AND
INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended June 30, 2016 and 2017

Fund	Cash and Investments 07-01-15	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-16	Receipts	Disbursements	Other Financing Sources (Uses)	Cash and Investments 06-30-17
Grants Parker	2,959	1,692	3,043	-	1,608	785	185	-	2,208
Adult and Continuing Education	50	-	-	-	50	-	-	-	50
Bundy Auditorium Fund	(6,189)	35,893	25,326	-	4,378	6,434	26,123	30,000	14,689
GED Testing Fund	36,816	22,166	24,247	-	34,735	28,508	27,007	-	36,236
Alternative Education	48,115	49,048	41,094	-	56,069	48,311	44,275	-	60,105
Formative Assessment	-	42,999	-	-	42,999	41,924	86,811	-	(1,888)
Healthy Families 2009-2010	18,862	-	-	-	18,862	-	-	-	18,862
Instruction Support	-	41,053	35,494	-	5,559	-	5,559	-	-
Gifted and Talented 2014-2015	2,580	-	2,580	-	-	39,840	37,555	-	2,285
Adult and Continuing Education	17,189	-	2,095	-	15,094	-	2,141	-	12,953
ABE State Grant 2015-16	-	544,731	754,647	-	(209,916)	348,664	138,748	-	-
ABE State Grant 2014-15	(180,791)	351,945	171,154	-	-	-	-	-	-
ABE State Grant 2016-17	-	-	-	-	-	430,364	727,236	-	(296,872)
Secured Schools Safety Grant	(32,221)	14,413	54,022	-	(71,830)	78,066	49,970	-	(43,734)
School Technology	(180,457)	112,322	98,585	-	(166,720)	335,416	81,730	-	86,966
Career and Technical Performance Grant	-	-	-	-	-	84,554	23,309	-	61,245
Performance Based Awards	-	-	-	-	-	101,907	101,907	-	-
Excellence in Performance	-	15,933	15,933	-	-	15,799	15,799	-	-
Access Indiana	1,202	-	-	-	1,202	-	-	-	1,202
21st Century Scholars	-	-	-	-	-	920	-	-	920
Miscellaneous Programs	8,384	18,300	16,984	-	9,700	17,400	9,700	-	17,400
Innovative Career / Tech ED	-	49,982	49,982	-	-	-	-	-	-
Title I - 2014-15	(83,460)	239,164	155,704	-	-	-	-	-	-
Title I - 2015-16	-	418,416	527,677	-	(109,261)	315,566	201,783	(4,522)	-
Title I - 2016-17	-	-	-	-	-	464,936	538,706	-	(73,770)
Title I Improvement 2015-16	-	-	-	-	-	9,507	9,507	-	-
Title I Improvement 2016-17	(3,454)	5,454	2,000	-	-	-	3,526	-	(3,526)
College Go	1,000	-	-	-	1,000	-	150	-	850
IDEA, Part B 2014-15	(409,780)	791,701	381,921	-	-	-	-	-	-
IDEA PL101-476 2016-17	-	-	-	-	-	1,442,414	1,847,675	-	(405,261)
IDEA, Part B 2015-16	-	1,413,887	1,855,634	-	(441,747)	736,009	294,262	-	-
Preschool Handicap 2016-17	-	-	-	-	-	74,526	98,647	-	(24,121)
Preschool Handicap 2015-16	-	73,732	92,888	-	(19,156)	45,940	26,784	-	-
Preschool Handicap 2014-15	(18,451)	41,646	23,195	-	-	-	-	-	-
Adult Basic Education 2015-16	-	251,252	322,072	(8,988)	(79,808)	290,442	210,634	-	-
Adult Basic Education 2014-15	(131,997)	348,298	216,301	-	-	-	-	-	-
Adult Basic Education 2016-17	-	-	-	-	-	180,598	322,950	-	(142,352)
Awards for Excellence 2015-16	-	5,107	5,107	-	-	-	-	-	-
Awards for Excellence 2014-15	126	-	126	-	-	-	-	-	-
Vocational and Technology Board Grants	-	92,436	92,436	-	-	-	-	-	-
Perkins 2015-16	-	47,873	80,342	(1,844)	(34,313)	75,084	40,771	-	-
Perkins 2016-17	-	-	-	-	-	72,402	87,750	(6,147)	(21,495)
2016 Perkins Rural Grant	-	-	3,486	-	(3,486)	108,115	104,629	-	-
Perkins 2014-2015	(42,550)	69,505	26,955	-	-	-	-	-	-
Improving Teacher Quality, No Child Left, Title II, Part A	(72,521)	206,404	174,693	(14,800)	(55,610)	146,750	125,493	-	(34,353)
Rural Schools and Low Income Program - Pass Through State	-	-	-	-	-	19,867	29,220	-	(9,353)
Rural Schools and Low Income 2013	(7,408)	30,237	22,829	-	-	-	-	-	-
Title VI - FY 2014	-	8,574	14,195	-	(5,621)	63,152	57,531	-	-
Central Stores	92,157	83,157	83,062	-	92,252	76,295	60,733	-	107,814
Prepaid Food	10,815	8,744	9,074	-	10,485	21,427	21,370	-	10,542
Payroll Withholdings	103,780	6,877,615	6,875,492	-	105,903	7,027,984	7,022,769	-	111,118
Totals	\$ 18,934,981	\$ 52,782,480	\$ 53,514,222	\$ 1	\$ 18,203,240	\$ 52,136,087	\$ 53,453,038	\$ 2,000,000	\$ 18,886,289

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

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

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

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

B. Basis of Accounting

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

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

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

D. Receipts

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

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

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

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:

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

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

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

G. Fund Accounting

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

Note 2. Budgets

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

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the School Corporation in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

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

Note 5. Risk Management

The School Corporation may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

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

Note 6. Pension Plans

A. Public Employees' Retirement Fund

Plan Description

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

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

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

Funding Policy and Annual Pension Cost

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

B. Teachers' Retirement Fund

Plan Description

The Indiana Teachers' Retirement Fund (TRF) is a defined benefit pension plan. TRF is a cost-sharing multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All employees engaged in teaching or in the supervision of teaching in the public schools of the State of Indiana are eligible to participate in TRF. State statute (IC 5-10.2) governs, through the Indiana Public Retirement System (INPRS) Board, most requirements of the system, and gives the School Corporation authority to contribute to the plan. The TRF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3 percent of compensation, plus the interest credited to the member's account. The School Corporation may elect to make the contributions on behalf of the member.

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

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

Funding Policy and Annual Pension Cost

The School Corporation contributes the employer's share to TRF for certified employees employed under a federally funded program and all the certified employees hired after July 1, 1995. The School Corporation currently receives partial funding, through the school funding formula, from the State of Indiana for this contribution. The employer's share of contributions for certified personnel who are not employed under a federally funded program and were hired before July 1, 1995, is considered to be an obligation of, and is paid by, the State of Indiana.

Note 7. Negative Receipts and Disbursements

The financial statement contains some receipts and/or disbursements which appear as negative entries. This is a result of interest being posted to the wrong account and then corrected.

Note 8. Cash Balance Deficits

The financial statement contains some funds with deficits in cash. This is mostly a result of the funds being set up for reimbursable grants; however, a couple funds were overspent.

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO FINANCIAL STATEMENT
(Continued)

Note 9. Holding Corporation

The School Corporation has entered into a capital lease with New Castle High School Building Corporation (the lessor). The lessor was organized as a not-for-profit corporation pursuant to state statute for the purpose of financing and constructing or reconstructing facilities for lease to the School Corporation. The lessor has been determined to be a related-party of the School Corporation. Lease payments during the years 2016 and 2017 totaled \$735,500 and \$367,500, respectively. The lease was paid off in December of 2016.

Note 10. Subsequent Event

The School Corporation issued \$2,000,000 in general bonds November 2018 for the purpose of replacing roofs and adding security entrances to a few schools.

Note 11. Other Postemployment Benefits

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

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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.

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NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/Severance Future Benefits	Construction	Construction Fund - 2016 Bonds	School Lunch
Cash and investments - beginning	\$ 1,619,178	\$ 718,174	\$ 3,230,354	\$ 1,383,184	\$ 328,560	\$ 806,163	\$ 713,435	\$ -	\$ -	\$ 330,187
Receipts:										
Local sources	96,738	2,578,227	1,739,702	1,790,394	293,105	-	-	-	-	308,269
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	22,683,491	-	-	6,984	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	1,452,094
Other receipts	3,253	-	14,088	4,655	-	-	50,000	-	-	1,722
Total receipts	22,783,482	2,578,227	1,753,790	1,802,033	293,105	-	50,000	-	-	1,762,085
Disbursements:										
Instruction	14,748,116	-	-	-	-	-	-	-	-	2,217
Support services	7,657,821	-	1,040,937	1,578,322	225,736	-	203,695	-	-	14,176
Noninstructional services	369,033	-	-	-	-	-	-	-	-	1,485,027
Facilities acquisition and construction	65,759	-	773,402	-	-	226,706	-	-	-	24,567
Debt service	-	2,300,899	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	22,840,729	2,300,899	1,814,339	1,578,322	225,736	226,706	203,695	-	-	1,525,987
Excess (deficiency) of receipts over disbursements	(57,247)	277,328	(60,549)	223,711	67,369	(226,706)	(153,695)	-	-	236,098
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	40,258	-	-	5,311	-	-	-	-	-	-
Transfers out	-	(13,293)	-	-	-	-	-	-	-	-
Total other financing sources (uses)	40,258	(13,293)	-	5,311	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(16,989)	264,035	(60,549)	229,022	67,369	(226,706)	(153,695)	-	-	236,098
Cash and investments - ending	\$ 1,602,189	\$ 982,209	\$ 3,169,805	\$ 1,612,206	\$ 395,929	\$ 579,457	\$ 559,740	\$ -	\$ -	\$ 566,285

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - 1310 Preschool Cooperative	Special Educational Intensive Service	Joint Services and Supply - Area Vocational School	Area Vocational Building Project	Area Vocational Special School
Cash and investments - beginning	\$ 437,092	\$ -	\$ 6,479,889	\$ 5,311	\$ 509,327	\$ 60,377	\$ 73,021	\$ 523,077	\$ 13,029	\$ 1,188
Receipts:										
Local sources	157,816	-	4,385,285	-	3,009,422	-	-	1,565,090	4,267	5,256
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	149,114	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	8,277	-	1,735	-	-	170	-	15
Total receipts	306,930	-	4,393,562	-	3,011,157	-	-	1,565,260	4,267	5,271
Disbursements:										
Instruction	-	-	-	-	2,114,535	239,396	341,842	1,172,221	14,986	-
Support services	273,001	-	-	-	143,373	3,779	151,979	267,979	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	2,212
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	5,646,087	-	-	-	-	-	-	-
Total disbursements	273,001	-	5,646,087	-	2,257,908	243,175	493,821	1,440,200	14,986	2,212
Excess (deficiency) of receipts over disbursements	33,929	-	(1,252,525)	-	753,249	(243,175)	(493,821)	125,060	(10,719)	3,059
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	13,293	-	-	-	-	225,000	500,000	-	-	-
Transfers out	(14,625)	-	-	(5,311)	(725,000)	-	-	-	-	-
Total other financing sources (uses)	(1,332)	-	-	(5,311)	(725,000)	225,000	500,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	32,597	-	(1,252,525)	(5,311)	28,249	(18,175)	6,179	125,060	(10,719)	3,059
Cash and investments - ending	\$ 469,689	\$ -	\$ 5,227,364	\$ -	\$ 537,576	\$ 42,202	\$ 79,200	\$ 648,137	\$ 2,310	\$ 4,247

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	AVS Preschool Program	Machine Trades Special Project	AVS CAD Program	AVS EMT Program	AVS Youth Center	AVS Culinary Arts	AVS Broadcasting	AVS Veterinary Science	AVS Graphic Arts	AVS Cosmology
Cash and investments - beginning	\$ 1,520	\$ 26,845	\$ 1,473	\$ 462	\$ 79	\$ 2,178	\$ 7,155	\$ 1,865	\$ 3,117	\$ 8,467
Receipts:										
Local sources	2,200	10,780	5,081	25,120	-	16,995	11,370	5,961	6,451	23,787
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	2,200	10,780	5,081	25,120	-	16,995	11,370	5,961	6,451	23,787
Disbursements:										
Instruction	-	-	-	16,335	-	16,073	8,902	3,980	5,291	21,844
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	1,663	23,675	5,850	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,663	23,675	5,850	16,335	-	16,073	8,902	3,980	5,291	21,844
Excess (deficiency) of receipts over disbursements	537	(12,895)	(769)	8,785	-	922	2,468	1,981	1,160	1,943
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	537	(12,895)	(769)	8,785	-	922	2,468	1,981	1,160	1,943
Cash and investments - ending	\$ 2,057	\$ 13,950	\$ 704	\$ 9,247	\$ 79	\$ 3,100	\$ 9,623	\$ 3,846	\$ 4,277	\$ 10,410

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
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 For the Year Ended June 30, 2016

	NCACP Dental Assisting	AVS Computer Operations	NCACC Administration	Educational License Plates	Alternative Education	Lilly Endowment - Counseling	Scholarship Memorial Funds	Carmichael Scholarship Trust	Grants AVS	New Castle Career Center
Cash and investments - beginning	\$ 917	\$ 244	\$ 2,244	\$ 356	\$ 2,627	\$ -	\$ 7,299	\$ 1,815,886	\$ 6,958	\$ 8,785
Receipts:										
Local sources	5,576	1,435	-	-	-	-	-	13,077	1,000	11,464
Intermediate sources	-	-	-	150	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	61	-	-	-	-	-	-	-
Total receipts	5,576	1,435	61	150	-	-	-	13,077	1,000	11,464
Disbursements:										
Instruction	5,524	1,375	-	-	-	-	-	-	1,742	12,168
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	774	356	-	-	160	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	15,477	-	-
Total disbursements	5,524	1,375	774	356	-	-	160	15,477	1,742	12,168
Excess (deficiency) of receipts over disbursements	52	60	(713)	(206)	-	-	(160)	(2,400)	(742)	(704)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	52	60	(713)	(206)	-	-	(160)	(2,400)	(742)	(704)
Cash and investments - ending	\$ 969	\$ 304	\$ 1,531	\$ 150	\$ 2,627	\$ -	\$ 7,139	\$ 1,813,486	\$ 6,216	\$ 8,081

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Donation	Donation - NCHS Athletic Field	Grants NCMS	Grants Elementary Library	Grants Alternative & Spec Ed	Grants CHS	Grants Eastwood	Grants Wilbur Wright	Robson Scholarship Trust	Parker Library Robson Trust
Cash and investments - beginning	\$ 2,714	\$ -	\$ 798	\$ 128	\$ 553	\$ 2,815	\$ 672	\$ 5,525	\$ 552,944	\$ 50,986
Receipts:										
Local sources	-	-	2,192	-	-	-	612	228	3,139	1,079
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	2,192	-	-	-	612	228	3,139	1,079
Disbursements:										
Instruction	187	-	1,610	-	-	-	150	3,853	-	-
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	6,508	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,000	-
Total disbursements	187	-	1,610	-	-	-	150	10,361	1,000	-
Excess (deficiency) of receipts over disbursements	(187)	-	582	-	-	-	462	(10,133)	2,139	1,079
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(187)	-	582	-	-	-	462	(10,133)	2,139	1,079
Cash and investments - ending	\$ 2,527	\$ -	\$ 1,380	\$ 128	\$ 553	\$ 2,815	\$ 1,134	\$ (4,608)	\$ 555,083	\$ 52,065

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
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 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2016

	Instructional Support	Grants Westwood	Professional Development DOE	Grants Greenstreet	Grants Sunnyside	Grants Riley	Grants Parker	Adult and Continuing Education	Bundy Auditorium Fund	GED Testing Fund
Cash and investments - beginning	\$ 2,708	\$ 558	\$ 6,993	\$ 80	\$ 1,758	\$ 970	\$ 2,959	\$ 50	\$ (6,189)	\$ 36,816
Receipts:										
Local sources	9,825	1,687	-	-	362	-	1,692	-	5,818	22,166
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	30,075	-
Total receipts	9,825	1,687	-	-	362	-	1,692	-	35,893	22,166
Disbursements:										
Instruction	10,457	243	-	80	700	-	2,523	-	-	24,247
Support services	-	-	67	-	-	-	520	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	25,326	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,457	243	67	80	700	-	3,043	-	25,326	24,247
Excess (deficiency) of receipts over disbursements	(632)	1,444	(67)	(80)	(338)	-	(1,351)	-	10,567	(2,081)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(632)	1,444	(67)	(80)	(338)	-	(1,351)	-	10,567	(2,081)
Cash and investments - ending	\$ 2,076	\$ 2,002	\$ 6,926	\$ -	\$ 1,420	\$ 970	\$ 1,608	\$ 50	\$ 4,378	\$ 34,735

NEW CASTLE COMMUNITY SCHOOL CORPORATION
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	Alternative Education	Formative Assessment	Healthy Families 2009-2010	Instruction Support	Gifted and Talented 2014-2015	Adult and Continuing Education	ABE State Grant 2015-16	ABE State Grant 2014-15	ABE State Grant 2016-17	Secured Schools Safety Grant
Cash and investments - beginning	\$ 48,115	\$ -	\$ 18,862	\$ -	\$ 2,580	\$ 17,189	\$ -	\$ (180,791)	\$ -	\$ (32,221)
Receipts:										
Local sources	49,048	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	42,999	-	41,053	-	-	544,731	351,945	-	14,413
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	49,048	42,999	-	41,053	-	-	544,731	351,945	-	14,413
Disbursements:										
Instruction	-	-	-	35,494	2,580	-	699,556	165,704	-	-
Support services	41,094	-	-	-	-	-	55,091	5,450	-	54,022
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,095	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	41,094	-	-	35,494	2,580	2,095	754,647	171,154	-	54,022
Excess (deficiency) of receipts over disbursements	7,954	42,999	-	5,559	(2,580)	(2,095)	(209,916)	180,791	-	(39,609)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	7,954	42,999	-	5,559	(2,580)	(2,095)	(209,916)	180,791	-	(39,609)
Cash and investments - ending	\$ 56,069	\$ 42,999	\$ 18,862	\$ 5,559	\$ -	\$ 15,094	\$ (209,916)	\$ -	\$ -	\$ (71,830)

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	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellance In Performance	Access Indiana	21st Century Scholars	Miscellaneous Programs	Innovative Career / Tech Ed	Title I 2014-15	Title I 2015-16
Cash and investments - beginning	\$ (180,457)	\$ -	\$ -	\$ -	\$ 1,202	\$ -	\$ 8,384	\$ -	\$ (83,460)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	4,404	-	-	15,933	-	-	18,300	49,982	-	-
Federal sources	-	-	-	-	-	-	-	-	239,164	418,416
Other receipts	107,918	-	-	-	-	-	-	-	-	-
Total receipts	112,322	-	-	15,933	-	-	18,300	49,982	239,164	418,416
Disbursements:										
Instruction	-	-	-	15,933	-	-	-	-	113,028	326,978
Support services	98,585	-	-	-	-	-	16,984	49,982	41,899	197,254
Noninstructional services	-	-	-	-	-	-	-	-	777	3,445
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	98,585	-	-	15,933	-	-	16,984	49,982	155,704	527,677
Excess (deficiency) of receipts over disbursements	13,737	-	-	-	-	-	1,316	-	83,460	(109,261)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	13,737	-	-	-	-	-	1,316	-	83,460	(109,261)
Cash and investments - ending	\$ (166,720)	\$ -	\$ -	\$ -	\$ 1,202	\$ -	\$ 9,700	\$ -	\$ -	\$ (109,261)

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	Title I 2016-17	Title I Improvement 2015-16	Title I Improvement 2016-17	College Go	IDEA, Part B 2014-15	IDEA PL101-476 2016-17	IDEA, Part B 2015-16	Preschool Handicap 2016-17	Preschool Handicap 2015-16	Preschool Handicap 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ (3,454)	\$ 1,000	\$ (409,780)	\$ -	\$ -	\$ -	\$ -	\$ (18,451)
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	5,454	-	791,701	-	1,413,887	-	73,732	41,646
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	-	-	5,454	-	791,701	-	1,413,887	-	73,732	41,646
Disbursements:										
Instruction	-	-	-	-	256,647	-	1,190,758	-	92,888	23,195
Support services	-	-	2,000	-	125,274	-	664,876	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	-	-	2,000	-	381,921	-	1,855,634	-	92,888	23,195
Excess (deficiency) of receipts over disbursements	-	-	3,454	-	409,780	-	(441,747)	-	(19,156)	18,451
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	-	-	3,454	-	409,780	-	(441,747)	-	(19,156)	18,451
Cash and investments - ending	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ (441,747)	\$ -	\$ (19,156)	\$ -

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	Adult Basic Education 2015-16	Adult Basic Education 2014-15	Adult Basic Education 2016-17	Awards for Excellence 2015-16	Awards for Excellence 2014-15	Vocational and Technology Board Grants	Perkins 2015-16	Perkins 2016-17	2,016 Perkins Rural Grant
Cash and investments - beginning	\$ -	\$ (131,997)	\$ -	\$ -	\$ 126	\$ -	\$ -	\$ -	\$ -
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	251,252	348,298	-	5,107	-	92,436	47,873	-	-
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	251,252	348,298	-	5,107	-	92,436	47,873	-	-
Disbursements:									
Instruction	307,318	193,213	-	5,107	126	-	-	-	-
Support services	14,754	23,088	-	-	-	92,436	80,342	-	3,486
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-
Total disbursements	322,072	216,301	-	5,107	126	92,436	80,342	-	3,486
Excess (deficiency) of receipts over disbursements	(70,820)	131,997	-	-	(126)	-	(32,469)	-	(3,486)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	(8,988)	-	-	-	-	-	(1,844)	-	-
Total other financing sources (uses)	(8,988)	-	-	-	-	-	(1,844)	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(79,808)	131,997	-	-	(126)	-	(34,313)	-	(3,486)
Cash and investments - ending	\$ (79,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,313)	\$ -	\$ (3,486)

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	Perkins 2014-2015	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income 2013	Title VI - FY 2014	Central Stores	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ (42,550)	\$ (72,521)	\$ -	\$ (7,408)	\$ -	\$ 92,157	\$ 10,815	\$ 103,780	\$ 18,934,981
Receipts:									
Local sources	-	-	-	-	-	-	-	-	16,171,716
Intermediate sources	-	-	-	-	-	-	-	-	150
State sources	-	-	-	-	-	-	-	-	23,923,349
Federal sources	69,505	206,404	-	30,237	8,574	-	-	-	5,495,780
Other receipts	-	-	-	-	-	83,157	8,744	6,877,615	7,191,485
Total receipts	69,505	206,404	-	30,237	8,574	83,157	8,744	6,877,615	52,782,480
Disbursements:									
Instruction	1,400	58,140	-	13,677	3,989	-	-	-	22,276,328
Support services	23,972	116,553	-	9,152	10,206	-	-	-	13,287,885
Noninstructional services	-	-	-	-	-	-	-	-	1,918,298
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,099,037
Debt service	-	-	-	-	-	-	-	-	2,300,899
Nonprogrammed charges	1,583	-	-	-	-	83,062	9,074	6,875,492	12,631,775
Total disbursements	26,955	174,693	-	22,829	14,195	83,062	9,074	6,875,492	53,514,222
Excess (deficiency) of receipts over disbursements	42,550	31,711	-	7,408	(5,621)	95	(330)	2,123	(731,742)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	783,862
Transfers out	-	(14,800)	-	-	-	-	-	-	(783,861)
Total other financing sources (uses)	-	(14,800)	-	-	-	-	-	-	1
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	42,550	16,911	-	7,408	(5,621)	95	(330)	2,123	(731,741)
Cash and investments - ending	\$ -	\$ (55,610)	\$ -	\$ -	\$ (5,621)	\$ 92,252	\$ 10,485	\$ 105,903	\$ 18,203,240

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	General	Debt Service	Capital Projects	School Transportation	School Bus Replacement	Rainy Day	Post-Retirement/Severance Future Benefits	Construction	Construction Fund - 2016 Bonds	School Lunch
Cash and investments - beginning	\$ 1,602,189	\$ 982,209	\$ 3,169,805	\$ 1,612,206	\$ 395,929	\$ 579,457	\$ 559,740	\$ -	\$ -	\$ 566,285
Receipts:										
Local sources	126,904	2,772,105	1,637,849	1,770,417	284,983	-	-	-	-	332,570
Intermediate sources	277	-	-	-	-	-	-	-	-	-
State sources	22,787,652	-	-	13,194	-	-	-	-	-	8,113
Federal sources	-	-	-	-	-	-	-	-	-	1,253,504
Other receipts	10,030	1,521	26,029	10,856	-	-	-	-	-	620
Total receipts	22,924,863	2,773,626	1,663,878	1,794,467	284,983	-	-	-	-	1,594,807
Disbursements:										
Instruction	15,011,561	-	-	-	-	-	-	-	-	22,353
Support services	7,644,421	-	906,971	1,481,783	379,102	-	51,117	-	-	13,141
Noninstructional services	374,170	-	-	-	-	-	-	-	-	1,446,120
Facilities acquisition and construction	67,964	-	693,557	-	-	352,008	-	-	197,857	-
Debt service	-	2,650,877	-	-	-	1,135	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	23,098,116	2,650,877	1,600,528	1,481,783	379,102	353,143	51,117	-	197,857	1,481,614
Excess (deficiency) of receipts over disbursements	(173,253)	122,749	63,350	312,684	(94,119)	(353,143)	(51,117)	-	(197,857)	113,193
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	16,311	-	-	-	-	685,400	-	-	-	-
Transfers out	(30,000)	(53,696)	-	(250,000)	-	-	-	-	(335,400)	-
Total other financing sources (uses)	(13,689)	(53,696)	-	(250,000)	-	685,400	-	-	1,664,600	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(186,942)	69,053	63,350	62,684	(94,119)	332,257	(51,117)	-	1,466,743	113,193
Cash and investments - ending	\$ 1,415,247	\$ 1,051,262	\$ 3,233,155	\$ 1,674,890	\$ 301,810	\$ 911,714	\$ 508,623	\$ -	\$ 1,466,743	\$ 679,478

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	Textbook Rental	Repair and Replacement	Self- Insurance	Levy Excess	Joint Services and Supply - Special Education Cooperative	Joint Services and Supply - 1310 Preschool Cooperative	Special Educational Intensive Service	Joint Services and Supply - Area Vocational School	Area Vocational Building Project	Area Vocational Special School
Cash and investments - beginning	\$ 469,689	\$ -	\$ 5,227,364	\$ -	\$ 537,576	\$ 42,202	\$ 79,200	\$ 648,137	\$ 2,310	\$ 4,247
Receipts:										
Local sources	173,130	4,686	4,145,231	-	2,044,129	-	-	1,500,912	25,894	12,952
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	148,385	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	48	-	-	2,140	-	-
Total receipts	321,515	4,686	4,145,231	-	2,044,177	-	-	1,503,052	25,894	12,952
Disbursements:										
Instruction	-	-	-	-	1,459,555	240,184	272,780	1,185,396	14,168	-
Support services	458,690	1,185	-	-	115,014	2,930	175,258	284,786	-	-
Noninstructional services	-	-	-	-	-	-	-	-	-	10,981
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	5,293,389	-	-	-	-	-	-	-
Total disbursements	458,690	1,185	5,293,389	-	1,574,569	243,114	448,038	1,470,182	14,168	10,981
Excess (deficiency) of receipts over disbursements	(137,175)	3,501	(1,148,158)	-	469,608	(243,114)	(448,038)	32,870	11,726	1,971
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	53,696	-	-	-	-	225,000	400,000	-	-	-
Transfers out	(5,642)	-	-	-	(625,000)	-	-	-	-	-
Total other financing sources (uses)	48,054	-	-	-	(625,000)	225,000	400,000	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(89,121)	3,501	(1,148,158)	-	(155,392)	(18,114)	(48,038)	32,870	11,726	1,971
Cash and investments - ending	\$ 380,568	\$ 3,501	\$ 4,079,206	\$ -	\$ 382,184	\$ 24,088	\$ 31,162	\$ 681,007	\$ 14,036	\$ 6,218

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	AVS Preschool Program	Machine Trades Special Project	AVS CAD Program	AVS EMT Program	AVS Youth Center	AVS Culinary Arts	AVS Broadcasting	AVS Veterinary Science	AVS Graphic Arts	AVS Cosmology
Cash and investments - beginning	\$ 2,057	\$ 13,950	\$ 704	\$ 9,247	\$ 79	\$ 3,100	\$ 9,623	\$ 3,846	\$ 4,277	\$ 10,410
Receipts:										
Local sources	1,480	1,484	5,925	30,874	-	13,939	6,941	6,092	5,518	20,957
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	1,000	-
Total receipts	1,480	1,484	5,925	30,874	-	13,939	6,941	6,092	6,518	20,957
Disbursements:										
Instruction	-	-	-	26,081	-	14,765	10,849	5,734	8,010	20,331
Support services	-	-	-	-	-	-	-	-	-	-
Noninstructional services	1,613	5,170	4,993	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	1,613	5,170	4,993	26,081	-	14,765	10,849	5,734	8,010	20,331
Excess (deficiency) of receipts over disbursements	(133)	(3,686)	932	4,793	-	(826)	(3,908)	358	(1,492)	626
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(133)	(3,686)	932	4,793	-	(826)	(3,908)	358	(1,492)	626
Cash and investments - ending	\$ 1,924	\$ 10,264	\$ 1,636	\$ 14,040	\$ 79	\$ 2,274	\$ 5,715	\$ 4,204	\$ 2,785	\$ 11,036

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	NCACP Dental Assisting	AVS Computer Operations	NCACC Administration	Educational License Plates	Alternative Education	Lilly Endowment - Counseling	Scholarship Memorial Funds	Carmichael Scholarship Trust	Grants AVS	New Castle Career Center
Cash and investments - beginning	\$ 969	\$ 304	\$ 1,531	\$ 150	\$ 2,627	\$ -	\$ 7,139	\$ 1,813,486	\$ 6,216	\$ 8,081
Receipts:										
Local sources	2,640	574	-	-	-	30,000	-	14,470	1,000	13,000
Intermediate sources	-	-	-	188	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	2,640	574	-	188	-	30,000	-	14,470	1,000	13,000
Disbursements:										
Instruction	2,003	350	-	-	-	-	-	-	1,516	6,000
Support services	-	-	-	-	-	15,228	-	-	-	-
Noninstructional services	-	-	90	132	-	-	157	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	17,806	-	-
Total disbursements	2,003	350	90	132	-	15,228	157	17,806	1,516	6,000
Excess (deficiency) of receipts over disbursements	637	224	(90)	56	-	14,772	(157)	(3,336)	(516)	7,000
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	637	224	(90)	56	-	14,772	(157)	(3,336)	(516)	7,000
Cash and investments - ending	\$ 1,606	\$ 528	\$ 1,441	\$ 206	\$ 2,627	\$ 14,772	\$ 6,982	\$ 1,810,150	\$ 5,700	\$ 15,081

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Donation	Donation - NCHS Athletic Field	Grants NCMS	Grants Elementary Library	Grants Alternative & Spec.Ed	Grants CHS	Grants Eastwood	Grants Wilbur Wright	Robson Scholarship Trust	Parker Library Robson Trust
Cash and investments - beginning	\$ 2,527	\$ -	\$ 1,380	\$ 128	\$ 553	\$ 2,815	\$ 1,134	\$ (4,608)	\$ 555,083	\$ 52,065
Receipts:										
Local sources	100,000	11,500	2,205	-	-	-	1,200	7,532	3,093	(106)
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	100,000	11,500	2,205	-	-	-	1,200	7,532	3,093	(106)
Disbursements:										
Instruction	66	-	2,869	-	-	-	733	1,418	-	-
Support services	-	-	-	-	-	-	-	-	-	983
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	1,000	-
Total disbursements	66	-	2,869	-	-	-	733	1,418	1,000	983
Excess (deficiency) of receipts over disbursements	99,934	11,500	(664)	-	-	-	467	6,114	2,093	(1,089)
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	(100,000)	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	(100,000)	-	-	-	-	-	-	-	-	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(66)	11,500	(664)	-	-	-	467	6,114	2,093	(1,089)
Cash and investments - ending	\$ 2,461	\$ 11,500	\$ 716	\$ 128	\$ 553	\$ 2,815	\$ 1,601	\$ 1,506	\$ 557,176	\$ 50,976

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Instructional Support	Grants Westwood	Professional Development DOE	Grants Greenstreet	Grants Sunnyside	Grants Riley	Grants Parker	Adult and Continuing Education	Bundy Auditorium Fund	GED Testing Fund
Cash and investments - beginning	\$ 2,076	\$ 2,002	\$ 6,926	\$ -	\$ 1,420	\$ 970	\$ 1,608	\$ 50	\$ 4,378	\$ 34,735
Receipts:										
Local sources	9,994	550	-	-	-	-	785	-	6,416	28,508
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	18	-
Total receipts	9,994	550	-	-	-	-	785	-	6,434	28,508
Disbursements:										
Instruction	10,764	1,776	-	-	-	-	185	-	-	27,007
Support services	-	-	1,203	-	-	-	-	-	-	-
Noninstructional services	-	-	-	-	-	-	-	-	26,123	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	10,764	1,776	1,203	-	-	-	185	-	26,123	27,007
Excess (deficiency) of receipts over disbursements	(770)	(1,226)	(1,203)	-	-	-	600	-	(19,689)	1,501
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	30,000	-
Transfers out	-	-	-	-	-	-	-	-	-	-
Total other financing sources (uses)	-	-	-	-	-	-	-	-	30,000	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	(770)	(1,226)	(1,203)	-	-	-	600	-	10,311	1,501
Cash and investments - ending	\$ 1,306	\$ 776	\$ 5,723	\$ -	\$ 1,420	\$ 970	\$ 2,208	\$ 50	\$ 14,689	\$ 36,236

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Alternative Education	Formative Assessment	Healthy Families 2009-2010	Instruction Support	Gifted and Talented 2014-2015	Adult and Continuing Education	ABE State Grant 2015-16	ABE State Grant 2014-15	ABE State Grant 2016-17	Secured Schools Safety Grant
Cash and investments - beginning	\$ 56,069	\$ 42,999	\$ 18,862	\$ 5,559	\$ -	\$ 15,094	\$ (209,916)	\$ -	\$ -	\$ (71,830)
Receipts:										
Local sources	48,311	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	41,924	-	-	39,840	-	348,664	-	430,364	78,066
Federal sources	-	-	-	-	-	-	-	-	-	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	48,311	41,924	-	-	39,840	-	348,664	-	430,364	78,066
Disbursements:										
Instruction	-	86,811	-	5,559	37,555	-	130,569	-	673,479	-
Support services	44,275	-	-	-	-	-	8,179	-	53,757	49,970
Noninstructional services	-	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	2,141	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	44,275	86,811	-	5,559	37,555	2,141	138,748	-	727,236	49,970
Excess (deficiency) of receipts over disbursements	4,036	(44,887)	-	(5,559)	2,285	(2,141)	209,916	-	(296,872)	28,096
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	4,036	(44,887)	-	(5,559)	2,285	(2,141)	209,916	-	(296,872)	28,096
Cash and investments - ending	\$ 60,105	\$ (1,888)	\$ 18,862	\$ -	\$ 2,285	\$ 12,953	\$ -	\$ -	\$ (296,872)	\$ (43,734)

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	School Technology	Career and Technical Performance Grant	Performance Based Awards	Excellence In Performance	Access Indiana	21st Century Scholars	Miscellaneous Programs	Innovative Career / Tech Ed	Title I 2014-15	Title I 2015-16
Cash and investments - beginning	\$ (166,720)	\$ -	\$ -	\$ -	\$ 1,202	\$ -	\$ 9,700	\$ -	\$ -	\$ (109,261)
Receipts:										
Local sources	-	45,649	-	-	-	-	-	-	-	-
Intermediate sources	65	-	-	-	-	-	-	-	-	-
State sources	3,240	-	101,907	15,799	-	920	17,400	-	-	-
Federal sources	-	38,905	-	-	-	-	-	-	-	315,566
Other receipts	332,111	-	-	-	-	-	-	-	-	-
Total receipts	335,416	84,554	101,907	15,799	-	920	17,400	-	-	315,566
Disbursements:										
Instruction	-	23,309	-	15,799	-	-	-	-	-	144,108
Support services	81,730	-	-	-	-	-	9,190	-	-	55,734
Noninstructional services	-	-	101,907	-	-	-	510	-	-	1,941
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	81,730	23,309	101,907	15,799	-	-	9,700	-	-	201,783
Excess (deficiency) of receipts over disbursements	253,686	61,245	-	-	-	920	7,700	-	-	113,783
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	-	-	(4,522)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	-	(4,522)
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	253,686	61,245	-	-	-	920	7,700	-	-	109,261
Cash and investments - ending	\$ 86,966	\$ 61,245	\$ -	\$ -	\$ 1,202	\$ 920	\$ 17,400	\$ -	\$ -	\$ -

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Title I 2016-17	Title I Improvement 2015-16	Title I Improvement 2016-17	College Go	IDEA, Part B 2014-15	IDEA PL101-476 2016-17	IDEA, Part B 2015-16	Preschool Handicap 2016-17	Preschool Handicap 2015-16	Preschool Handicap 2014-15
Cash and investments - beginning	\$ -	\$ -	\$ -	\$ 1,000	\$ -	\$ -	\$ (441,747)	\$ -	\$ (19,156)	\$ -
Receipts:										
Local sources	-	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-	-
Federal sources	464,936	9,507	-	-	-	1,442,414	736,009	74,526	45,940	-
Other receipts	-	-	-	-	-	-	-	-	-	-
Total receipts	464,936	9,507	-	-	-	1,442,414	736,009	74,526	45,940	-
Disbursements:										
Instruction	372,861	3,111	3,526	150	-	1,231,226	215,023	98,647	26,784	-
Support services	162,523	6,396	-	-	-	616,449	79,239	-	-	-
Noninstructional services	3,322	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	-	-	-	-	-	-	-	-	-	-
Total disbursements	538,706	9,507	3,526	150	-	1,847,675	294,262	98,647	26,784	-
Excess (deficiency) of receipts over disbursements	(73,770)	-	(3,526)	(150)	-	(405,261)	441,747	(24,121)	19,156	-
Other financing sources (uses):										
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-	-
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	(73,770)	-	(3,526)	(150)	-	(405,261)	441,747	(24,121)	19,156	-
Cash and investments - ending	\$ (73,770)	\$ -	\$ (3,526)	\$ 850	\$ -	\$ (405,261)	\$ -	\$ (24,121)	\$ -	\$ -

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Adult Basic Education 2015-16	Adult Basic Education 2014-15	Adult Basic Education 2016-17	Awards for Excellence 2015-16	Awards for Excellence 2014-15	Vocational and Technology Board Grants	Perkins 2015-16	Perkins 2016-17	2,016 Perkins Rural Grant
Cash and investments - beginning	\$ (79,808)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34,313)	\$ -	\$ (3,486)
Receipts:									
Local sources	-	-	-	-	-	-	-	-	-
Intermediate sources	-	-	-	-	-	-	-	-	-
State sources	-	-	-	-	-	-	-	-	-
Federal sources	290,442	-	180,598	-	-	-	75,084	72,402	108,115
Other receipts	-	-	-	-	-	-	-	-	-
Total receipts	290,442	-	180,598	-	-	-	75,084	72,402	108,115
Disbursements:									
Instruction	193,891	-	298,757	-	-	-	1,000	12,657	-
Support services	13,243	-	24,193	-	-	-	39,771	75,093	104,629
Noninstructional services	-	-	-	-	-	-	-	-	-
Facilities acquisition and construction	-	-	-	-	-	-	-	-	-
Debt service	-	-	-	-	-	-	-	-	-
Nonprogrammed charges	3,500	-	-	-	-	-	-	-	-
Total disbursements	210,634	-	322,950	-	-	-	40,771	87,750	104,629
Excess (deficiency) of receipts over disbursements	79,808	-	(142,352)	-	-	-	34,313	(15,348)	3,486
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	-
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	-
Transfers out	-	-	-	-	-	-	-	(6,147)	-
Total other financing sources (uses)	-	-	-	-	-	-	-	(6,147)	-
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	79,808	-	(142,352)	-	-	-	34,313	(21,495)	3,486
Cash and investments - ending	\$ -	\$ -	\$ (142,352)	\$ -	\$ -	\$ -	\$ -	\$ (21,495)	\$ -

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS,
 OTHER FINANCING SOURCES (USES), AND CASH AND
 INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended June 30, 2017

	Perkins 2014-2015	Improving Teacher Quality, No Child Left, Title II, Part A	Rural Schools and Low Income Program - Pass Through State	Rural Schools and Low Income 2013	Title VI - FY 2014	Central Stores	Prepaid Food	Payroll Withholdings	Totals
Cash and investments - beginning	\$ -	\$ (55,610)	\$ -	\$ -	\$ (5,621)	\$ 92,252	\$ 10,485	\$ 105,903	\$ 18,203,240
Receipts:									
Local sources	-	-	-	-	-	-	-	-	15,252,293
Intermediate sources	-	-	-	-	-	-	-	-	530
State sources	-	-	-	-	-	-	-	-	24,035,468
Federal sources	-	146,750	19,867	-	63,152	-	-	-	5,337,717
Other receipts	-	-	-	-	-	76,295	21,427	7,027,984	7,510,079
Total receipts	-	146,750	19,867	-	63,152	76,295	21,427	7,027,984	52,136,087
Disbursements:									
Instruction	-	62,648	16,360	-	20,236	-	-	-	22,020,520
Support services	-	62,845	12,860	-	37,295	-	-	-	13,069,183
Noninstructional services	-	-	-	-	-	-	-	-	1,977,229
Facilities acquisition and construction	-	-	-	-	-	-	-	-	1,313,527
Debt service	-	-	-	-	-	-	-	-	2,652,012
Nonprogrammed charges	-	-	-	-	-	60,733	21,370	7,022,769	12,420,567
Total disbursements	-	125,493	29,220	-	57,531	60,733	21,370	7,022,769	53,453,038
Excess (deficiency) of receipts over disbursements	-	21,257	(9,353)	-	5,621	15,562	57	5,215	(1,316,951)
Other financing sources (uses):									
Proceeds of long-term debt	-	-	-	-	-	-	-	-	2,000,000
Sale of capital assets	-	-	-	-	-	-	-	-	-
Transfers in	-	-	-	-	-	-	-	-	1,410,407
Transfers out	-	-	-	-	-	-	-	-	(1,410,407)
Total other financing sources (uses)	-	-	-	-	-	-	-	-	2,000,000
Excess (deficiency) of receipts and other financing sources over disbursements and other financing uses	-	21,257	(9,353)	-	5,621	15,562	57	5,215	683,049
Cash and investments - ending	\$ -	\$ (34,353)	\$ (9,353)	\$ -	\$ -	\$ 107,814	\$ 10,542	\$ 111,118	\$ 18,886,289

NEW CASTLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF PAYABLES AND RECEIVABLES
June 30, 2017

<u>Government or Enterprise</u>	<u>Accounts Payable</u>	<u>Accounts Receivable</u>
Governmental activities	<u>\$ 741,665</u>	<u>\$ 1,056,725</u>

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF LEASES AND DEBT
 June 30, 2017

Description of Debt		Ending Principal Balance	Principal and Interest Due Within One Year
Type	Purpose		
Governmental activities:			
General obligation bonds	2015 Bonds	\$ 885,000	\$ 653,800
General obligation bonds	2016 Bonds	1,705,000	791,050
Notes and loans payable	Common School Loans	<u>2,207,522</u>	<u>1,170,066</u>
Total governmental activities		<u>4,797,522</u>	<u>2,614,916</u>
Totals		<u>\$ 4,797,522</u>	<u>\$ 2,614,916</u>

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF CAPITAL ASSETS
 June 30, 2017

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	\$ 285,414
Buildings	52,342,551
Improvements other than buildings	1,858,564
Machinery, equipment, and vehicles	<u>10,821,628</u>
Total governmental activities	<u>65,308,157</u>
Total capital assets	<u><u>\$ 65,308,157</u></u>

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SUPPLEMENTAL AUDIT OF
FEDERAL AWARDS



STATE OF INDIANA
AN EQUAL OPPORTUNITY EMPLOYER

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

TO: THE OFFICIALS OF THE NEW CASTLE COMMUNITY
SCHOOL CORPORATION, HENRY COUNTY, INDIANA

Report on Compliance for Each Major Federal Program

We have audited the New Castle Community School Corporation's (School Corporation) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the period of July 1, 2015 to June 30, 2017. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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.

Basis for Qualified Opinion on Title I Grants to Local Educational Agencies

As described in items 2017-006, 2017-007, and 2017-009 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Activities Allowed or Unallowed; Allowable Costs/Cost Principles; Eligibility; and Special Tests and Provisions - Annual Report Card, High School Graduation Rate that are applicable to its Title I Grants to Local Educational Agencies. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in items 2017-010, 2017-012, 2017-013, and 2017-014 in the accompanying Schedule of Findings and Questioned Costs, the School Corporation did not comply with requirements regarding Cash Management, Eligibility, Program Income, and Procurement that are applicable to its Child Nutrition Cluster. Compliance with such requirements is necessary, in our opinion, for the School Corporation to comply with requirements applicable to that program.

Qualified Opinion on Title I Grants to Local Education Agencies

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Title I Grants to Local Educational Agencies* 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 Title I Grants to Local Educational Agencies for the period of July 1, 2015 to June 30, 2017.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* 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 Child Nutrition Cluster for the period of July 1, 2015 to June 30, 2017.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, the School Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its other major federal programs identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings and Questioned Costs for the period of July 1, 2015 to June 30, 2017.

Other Matters

The results of our auditing procedures disclosed instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as items 2017-001 and 2017-005. Our opinion on each major federal program is not modified with respect to these matters.

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

Report on Internal Control over Compliance

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

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


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

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 items 2017-001, 2017-002, 2017-005, 2017-006, 2017-007, 2017-008, 2017-009, 2017-010, 2017-011, 2017-012, 2017-013, 2017-014, and 2017-015 to be material weaknesses.

A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance. We identified certain deficiencies in internal control over compliance, as described in the accompanying Schedule of Findings and Questioned Costs as items 2017-003 and 2017-004, that we consider to be significant deficiencies.

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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.


Paul D. Joyce, CPA
State Examiner

December 20, 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.

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NEW CASTLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
<u>Department of Agriculture</u>							
Child Nutrition Cluster							
School Breakfast Program	Indiana Department of Education	10.553					
School Breakfast Program			FY 16	\$ -	\$ 446,036	\$ -	\$ -
School Breakfast Program			FY 17	-	-	-	376,861
Total - School Breakfast Program				-	446,036	-	376,861
National School Lunch Program							
School Lunch Program	Indiana Department of Education	10.555					
School Lunch Program			FY 16	-	957,667	-	-
Commodities			FY 17	-	-	-	853,058
Commodities			FY 16	-	100,733	-	-
Commodities			FY 17	-	-	-	155,999
Total - National School Lunch Program				-	1,058,400	-	1,009,057
Summer Food Service Program for Children							
Summer Food Service Program	Indiana Department of Education	10.559					
Summer Food Service Program			FY 16	-	17,438	-	-
Summer Food Service Program			FY 17	-	-	-	23,585
Total - Summer Food Service Program for Children				-	17,438	-	23,585
Total - Child Nutrition Cluster				-	1,521,874	-	1,409,503
Child Nutrition Discretionary Grants Limited Availability							
CN School Meals Equipment Grant	Indiana Department of Education	10.579	A58-6-16SS-0102	-	23,035	-	-
Total - Department of Agriculture				-	1,544,909	-	1,409,503
<u>Department of Defense</u>							
National Guard Military Operations and Maintenance (O&M) Projects							
National Guard ChalleNGe Program	Indiana Department of Education	12.401	15-16	-	7,713	-	-
			16-17	-	-	-	13,152
Total - National Guard Military Operations and Maintenance (O&M) Projects				-	7,713	-	13,152
Total - Department of Defense				-	7,713	-	13,152
<u>Department of Education</u>							
Special Education Cluster (IDEA)							
Special Education_Grants to States	Indiana Department of Education	84.027					
Special Education IDEA			14215-044-PN01	-	369,306	-	-
Special Education IDEA			14216-042-PN01	-	667,435	-	-
Special Education IDEA			14216-042-PN01	-	-	-	347,438
Special Education IDEA			14217-042-PN01	-	-	-	674,434
Total - Special Education_Grants to States				-	1,036,741	-	1,021,872

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Special Education_Preschool Grants	Indiana Department of Education	84.173					
Special Education Preschool			45715-044-PN01	-	21,102	-	-
Special Education Preschool			45716-042-PN01	-	37,462	-	-
Special Education Preschool			45716-042-PN01	-	-	-	23,342
Special Education Preschool			45717-042-PN01	-	-	-	37,691
Total - Special Education_Preschool Grants				-	58,564	-	61,033
Total - Special Education Cluster (IDEA)				-	1,095,305	-	1,082,905
Adult Education - Basic Grants to States	Indiana Department of Workforce Development	84.002					
Adult Education			AE5-25	230,174	208,045	-	-
Adult Education			AE5-25	-	-	187,506	333,649
Adult Education			AE6-25	-	-	300,234	180,598
Adult Education			C1-5-AE-4-25	181,777	348,298	-	-
Total - Adult Education - Basic Grants to States				411,951	556,343	487,740	514,247
Title I Grants to Local Educational Agencies	Indiana Department of Education	84.010					
Title I SIG			S010A150014	-	5,454	-	-
Title I SIG			S010A160014	-	-	-	9,507
Title I			15-3445	-	239,164	-	-
Title I			16-3445	-	418,416	-	-
Title I			16-3445	-	-	-	315,566
Title I			17-3445	-	-	-	464,936
Total - Title I Grants to Local Educational Agencies				-	663,034	-	790,009
Career and Technical Education Basic Grants to States	Indiana Department of Education	84.048					
Perkins 2014-15			15-4700-3445	-	69,505	-	-
Perkins 2015-16			16-4700-3445	-	47,873	-	-
Perkins 2015-16			16-4700-3445	-	-	-	75,084
Perkins 2016-17			17-4700-3445	-	-	-	72,402
Awards for Excellence 2015-2016			A58-6-16CI-3098	-	5,107	-	-
Perkins Rural Grant			A58-6-16CI-3253	-	-	-	108,115
Perkins Rural Grant			A58-5-15CI-2749	-	92,436	-	-
Total - Career and Technical Education Basic Grants to States				-	214,921	-	255,601

NEW CASTLE COMMUNITY SCHOOL CORPORATION
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Years Ended June 30, 2016 and 2017

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 06-30-16	Total Federal Awards Expended 06-30-16	Passed Through to Subrecipient 06-30-17	Total Federal Awards Expended 06-30-17
Rural Education	Indiana Department of Education	84.358					
Title VI - Rural and Low Income School FY 2013			7000S358B130014	-	30,237	-	-
Title VI - Rural and Low Income School FY2014			7000S358B140014	-	8,574	-	-
Title VI - Rural and Low Income School FY2014			7000S358B150014	-	-	-	63,152
Title VI Rural and Low Income FY 2015			7000S358B150014	-	-	-	19,867
Total - Rural Education				-	38,811	-	83,019
Supporting Effective Instruction State Grants	Indiana Department of Education	84.367					
Teacher Quality FY2013			S367A130013	-	59,047	-	-
Teacher Quality FY2014			S367A140013	-	117,065	-	-
Teacher Quality FY2014			S367A140013	-	-	-	34,203
Teacher Quality FY2015			S367A150015	-	30,292	-	-
Teacher Quality FY2015			S367A150015	-	-	-	112,547
Total - Supporting Effective Instruction State Grants				-	206,404	-	146,750
Total - Department of Education				411,951	2,774,818	487,740	2,872,531
<u>Social Security Administration</u>							
Disability Insurance/SSI Cluster	Indiana Department of Education	96.001					
Social Security Disability Insurance							
Document Fees Collected			FY16	-	14	-	-
Document Fees Collected			FY17	-	-	-	28
Total - Social Security Disability Insurance				-	14	-	28
Total - Disability Insurance/SSI Cluster				-	14	-	28
Total - Social Security Administration				-	14	-	28
Total federal awards expended				\$ 411,951	\$ 4,327,454	\$ 487,740	\$ 4,295,214

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

NEW CASTLE COMMUNITY SCHOOL CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Note 1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (SEFA) includes the federal grant activity of the School Corporation under programs of the federal government for the years ended June 30, 2016 and 2017. The information in the SEFA is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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.

The Uniform Guidance requires an annual audit of nonfederal entities expending a total amount of federal awards equal to or in excess of \$750,000 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 the Uniform Guidance, 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. The School Corporation has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Note 3. Special Education Cooperative

The School Corporation is a member of the local educational agency (LEA) of the New Castle Area Special Services Cooperative (Cooperative), which operates the special education program for the School Corporation. As a result, activity for the Special Education Cluster (IDEA) is presented as receipts and disbursements in the financial statement for the School Corporation, but only the School Corporation's share is reported on the SEFA.

NEW CASTLE COMMUNITY SCHOOL CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Section I - Summary of Auditor's Results

Financial Statement:

Type of auditor's report issued:	Adverse as to GAAP; Unmodified as to Regulatory Basis
Internal control over financial reporting:	
Material weakness identified?	no
Significant deficiency identified?	none reported
Noncompliance material to financial statement noted?	no

Federal Awards:

Internal control over major programs:	
Material weaknesses identified?	yes
Significant deficiency identified?	yes
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	yes

Identification of Major Programs and type of auditor's report issued on compliance for each:

CFDA Number	Name of Federal Program or Cluster	Opinion Issued
	Child Nutrition Cluster	Qualified
	Special Education Cluster (IDEA)	Unmodified
84.002	Adult Education - Basic Grants to States	Unmodified
84.010	Title I Grants to Local Educational Agencies	Qualified

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee?	no
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Section II - Financial Statement Findings

No matters are reportable.

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

Section III - Federal Award Findings and Questioned Costs

FINDING 2017-001

Subject: Adult Education - Basic Grants to States - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles
Federal Agency: Department of Education
Federal Program: Adult Education - Basic Grants to States
CFDA Number: 84.002
Federal Award Numbers and Years (or Other Identifying Numbers): AE5-25, AE6-25, C1-5-AE-4-25
Pass-Through Entity: Indiana Department of Workforce Development
Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles
Audit Findings: Material Weakness, Other Matters

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

During the audit period, the School Corporation made purchases with the grant funds that did not provide services or instruction, such as a vacuum, gift cards, and wax melts. These purchases did not meet the requirements of the grant agreement.

There was no control procedure in place to ensure that all employees paid from the Adult Education - Basic Grants to States programs were allowed.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

OMB Circular A-87, Attachment B, section 20 states: "**Goods or services for personal use.** Costs of goods or services for personal use of the governmental unit's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

2 CFR 200.445(a) states: "Costs of goods or services for personal use of the non-Federal entity's employees are unallowable regardless of whether the cost is reported as taxable income to the employees."

34 CFR 463.30 states:

"The term 'adult education and literacy activities' means programs, activities, and services that include:

- (a) Adult education,
- (b) Literacy,
- (c) Workplace adult education and literacy activities,
- (d) Family literacy activities,
- (e) English language acquisition activities,
- (f) Integrated English literacy and civics education,
- (g) Workforce preparation activities, or
- (h) Integrated education and training."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, enabled noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

There were no questioned costs.

Recommendation

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

Views of Responsible Officials

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

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

FINDING 2017-002

Subject: Adult Education - Basic Grants to States - Suspension and Debarment
Federal Agency: Department of Education
Federal Program: Adult Education - Basic Grants to States
CFDA Number: 84.002
Federal Award Numbers and Years (or Other Identifying Numbers): AE5-25, AE6-25, C1-5-AE-4-25
Pass-Through Entity: Indiana Department of Workforce Development
Compliance Requirement: Procurement and Suspension and Debarment
Audit Finding: Material Weakness

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 suspension and debarment requirements.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that there was a proper segregation of duties regarding suspension and debarment when considering subgrants.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls to ensure compliance with the Procurement and Suspension and Debarment compliance requirement.

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Procurement and Suspension and Debarment compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and 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.

FINDING 2017-003

Subject: Special Education Cluster (IDEA) - Activities Allowed or Unallowed

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): 14215-044-PN01, 14216-042-PN01,
45715-044-PN01, 45716-042-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Activities Allowed or Unallowed

Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

Condition

The School Corporation was a member school corporation of the New Castle Area Special Services Cooperative (Cooperative). The member school corporations of the Cooperative had determined that it was beneficial to pool their resources to provide special education services to those in need. The Cooperative designated a fiscal agent, who was responsible for the accounting records of the Cooperative. During the audit period, the fiscal agent of the Cooperative spent the federal money on behalf of the School Corporation and other member school corporations. Since the grant agreements were between the Indiana Department of Education and each member school corporation of the Cooperative, the School Corporation was ultimately responsible for following the compliance requirements.

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 Activities Allowed or Unallowed compliance requirement.

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

There was no control procedure in place to ensure payroll expenditures from the special education programs were for allowable activities.

Context

The lack of controls was isolated to the first year of the audit period.

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). . . . "

Cause

Management had not developed a system of internal controls to ensure compliance with the Activities Allowed or Unallowed compliance requirement.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-004

Subject: Special Education Cluster (IDEA) - Allowable Costs/Cost Principles
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): 14215-044-PN01, 14216-042-PN01,
45715-044-PN01, 45716-042-PN01
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Allowable Costs/Cost Principles
Audit Finding: Significant Deficiency

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-002.

Condition

The School Corporation was a member of the New Castle Area Special Services Cooperative (Cooperative). The School Corporation provided oversight of the Cooperative through the Superintendent of Schools who served as a member of the Cooperative Board. However, the Cooperative had not established an effective internal control system in relation to the Allowable Costs/Cost Principles compliance requirement.

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 Allowable Costs/Cost Principles compliance requirement.

There was no control procedure in place to ensure that all employees paid from the special education programs were allowed.

Context

The lack of controls was isolated to the first year of the audit period.

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). . . ."

Cause

Management had not developed a system of internal controls to ensure compliance with the Allowable Costs/Cost Principles compliance requirement.

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Allowable Costs/Cost Principles compliance requirement.

Views of Responsible Officials

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

FINDING 2017-005

Subject: Special Education Cluster (IDEA) - Level of Effort - Maintenance of Effort

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): 14216-042-PN01, 14217-042-PN01,
45716-042-PN01, 45717-042-PN01

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Matching, Level of Effort, Earmarking

Audit Findings: Material Weakness, Other Matters

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 Level of Effort - Maintenance of Effort (MOE) requirements.

The School Corporation did not include consistent categories in the 2016-2017 expenditures reported in the fiscal year 2018 application for MOE determination. Two expense categories used in previous years were not included in the expenditures for 2016-2017. Additionally, one of the expense amounts included was not properly added and an incorrect amount was included. Based on the exclusion of two categories and the erroneous amount, the 2016-2017 expenditures used for MOE determination were understated by \$69,657.

Context

The lack of controls and the noncompliance were an isolated instance related to the 2016-2017 expenditure reporting.

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

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 200.302 states in part:

"(a) Each state must expend and account for the Federal award in accordance with state laws and procedures for expending and accounting for the state's own funds. In addition, the state's and the other non-Federal entity's financial management systems, including records documenting compliance with Federal statutes, regulations, and the terms and conditions of the Federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the Federal statutes, regulations, and the terms and conditions of the Federal award. . . ."

(b) The financial management system of each non-Federal entity must provide for the following. . . .

(2) Accurate, current, and complete disclosure of the financial results of each Federal award or program in accordance with the reporting requirements set forth in §§ 200.327 Financial reporting and 200.328 Monitoring and reporting program performance. . . ."

34 CFR 76.702 states: "A State and a subgrantee shall use fiscal control and fund accounting procedures that insure proper disbursement of and accounting for Federal funds."

Cause

Management had not developed a system of internal controls to ensure compliance with the MOE requirements.

Effect

The failure to establish an effective internal control system, which would include segregation of duties, enabled noncompliance with the grant agreement and the MOE requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the MOE requirements.

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

Views of Responsible Officials

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

FINDING 2017-006

Subject: Title I Grants to Local Educational Agencies - Activities Allowed
or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014,
15-3445, 16-3445, 17-3445

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-003.

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Activities Allowed or Unallowed

During the audit period, there was no control procedure in place to ensure that all employees paid from Title I were allowed. This could have led to ineligible employees getting paid from the Title I grant.

Additionally, the School Corporation did not comply with the Activities Allowed or Unallowed compliance requirement as there were four expenses for unallowed activities. The expenses included decorative classroom items, food, and beverages.

Allowable Costs/Cost Principles

During the audit period, there was no control procedure in place to ensure the accuracy of the Personnel Activity Reports. Also, time and effort distribution records were not maintained for two individuals working on multiple activities or cost objects paid from the Title I fund. This could have caused an employee to be paid an improper amount from Title I funds. Additionally, the School Corporation did not maintain proper time and effort for an individual paid with Title I funds.

There were also four expenses determined to be unallowable costs. The expenses included decorative classroom items, food, and beverages.

Context

The lack of controls and the noncompliance were systemic issues throughout the audit period.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

OMB Circular A-87, Attachment A, Part C states in part:

"1. Factors affecting allowability of costs. To be allowable under Federal awards, costs must meet the following general criteria:

- a. Be necessary and reasonable for proper and efficient performance and administration of Federal awards.
- b. Be allocable to Federal awards under the provisions of this Circular. . . .
- j. Be adequately documented. . . ."

2 CFR 200.403 states in part:

"Except where otherwise authorized by statute, costs must meet the following general criteria in order to be allowable under Federal awards:

- (a) Be necessary and reasonable for the performance of the Federal award and be allocable thereto under these principles.
- (b) Conform to any limitations or exclusions set forth in these principles or in the Federal award as to types or amount of cost items. . . .
- (g) Be adequately documented. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

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

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

FINDING 2017-007

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Annual Report Card, High School Graduation Rate

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014, 15-3445, 16-3445, 17-3445

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Special Tests and Provisions - Annual Report Card, High School Graduation Rate

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 Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

The School Corporation did not follow guidelines for Annual Report and High School Graduation Rates. There were five instances in the testing that lacked appropriate mobility documentation.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(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). . . . "

34 CFR 200.34(b)(3) states:

"To remove a student from the cohort, a school or LEA must confirm in writing that the student—

- (i) Transferred out, such that the school or LEA has official written documentation that the student enrolled in another school or educational program from which the student is expected to receive a regular high school diploma, or a State-defined alternate diploma for students with the most significant cognitive disabilities;
- (ii) Emigrated to another country;
- (iii) Transferred to a prison or juvenile facility after an adjudication of delinquency, and is enrolled in an educational program from which the student is expected to receive a regular high school diploma, or a State-defined alternate diploma for student with the most significant cognitive disabilities, during the period in which the student is assigned to the prison or juvenile facility; or
- (iv) Is deceased."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in non-compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Special Tests and Provisions - Annual Report Card, High School Graduation Rate compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-008

Subject: Title I Grants to Local Educational Agencies - Special Tests and Provisions - Comparability,
Special Tests and Provisions - Highly Qualified Teachers and Paraprofessionals,
Special Tests and Provisions - Assessment System Security

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014,
15-3445, 16-3445, 17-3445

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Special Tests and Provisions - Comparability, Special Tests and
Provisions - Highly Qualified Teachers and Paraprofessionals,
Special Tests and Provisions - Assessment System Security

Audit Finding: Material Weakness

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 compliance requirements identified above.

The School Corporation had not designed or implemented adequate policies and procedures to ensure that there was a proper segregation of duties related to the compliance requirements identified above. Only one employee was responsible for maintaining compliance with each of these special tests and provisions with no review or monitoring involved.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

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). . . . "

Cause

Management had not developed a system of internal controls to ensure compliance with the compliance requirements identified above.

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

Effect

The failure to establish an effective internal control system, which would include segregation of duties, placed the School Corporation at risk of noncompliance with the grant agreement and the compliance requirements identified above.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the compliance requirements identified above.

Views of Responsible Officials

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

FINDING 2017-009

Subject: Title I Grants to Local Educational Agencies - Eligibility

Federal Agency: Department of Education

Federal Program: Title I Grants to Local Educational Agencies

CFDA Number: 84.010

Federal Award Numbers and Years (or Other Identifying Numbers): S010A150014, S010A160014,
15-3445, 16-3445, 17-3445

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Eligibility

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 Eligibility compliance requirement.

Information submitted to the Department of Education, through the real time report, used in the eligibility calculations did not agree to the School Corporation's records and was not supported by required documentation.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

(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). . . ."

34 CFR 200.78(a)(1) states:

"An LEA must allocate funds under subpart A of this part to school attendance areas and schools, identified as eligible and selected to participate under section 1113(a) or (b) of the ESEA, in rank order on the basis of the total number of children from low-income families in each area or school."

2 CFR 200.333 states in part:

"Financial records, supporting documents, statistical records, and all other non-Federal entity records pertinent to a Federal award must be retained for a period of three years from the date of submission of the final expenditure report or, for Federal awards that are renewed quarterly or annually, from the date of the submission of the quarterly or annual financial report, respectively, as reported to the Federal awarding agency or pass-through entity in the case of a subrecipient. . . ."

Cause

Management had not developed a system of internal controls that would have ensure compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

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

FINDING 2017-010

Subject: School Breakfast Program, National School Lunch Program - Cash Management
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program
CFDA Numbers: 10.553, 10.555
Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Cash Management
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 Cash Management compliance requirement.

The School Corporation did not comply with the requirement that the net cash resources in the School Lunch fund not exceed 3 months average expenditures for its nonprofit school food service program. The net cash resources in the School Lunch fund exceeded 3 months average expenditures for 21 out of 24 months during the audit period.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(b) states: "*Net cash resources.* The school food authority shall limit its net cash resources to an amount that does not exceed 3 months average expenditures for its nonprofit school food service or such other amount as may be approved by the State agency in accordance with § 210.19(a)."

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

7 CFR 220.7(e) states in part:

". . . . the School Food Authority shall, with respect to participating schools under its jurisdiction:
. . . .

- (iv) Limit its net cash resources to an amount that does not exceed three months average expenditure for its nonprofit school food service or such other amount as may be approved by the State agency; . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Cash Management compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Cash Management compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Cash Management compliance requirement.

Views of Responsible Officials

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

FINDING 2017-011

Subject: Child Nutrition Cluster - Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17

Pass-Through Entity: Indiana Department of Education

Compliance Requirements: Activities Allowed or Unallowed, Allowable Costs/Cost Principles

Audit Finding: Material Weakness

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 Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

There were no control procedures in place to ensure that only eligible employees were paid from the program.

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

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements.

Views of Responsible Officials

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

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

FINDING 2017-012

Subject: Child Nutrition Cluster - Procurement
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17
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 requirements.

The School Corporation did not comply with the procurement requirements for its Child Nutrition Cluster. For the expenditure examined during testing, which qualified as a small purchase, the School Corporation did not maintain any record of price or rate quotations obtained.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

(a) Establish and maintain effective internal control over Federal award that provides reasonable assurance that the non-Federal entity is managing the Federal awards 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). . . ."

7 CFR 3016.36(b) states in part: "*Procurement standards.* (1) Grantees and subgrantees will use their own procurement procedures which reflect applicable State and local laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this section. . . ."

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

2 CFR 200.318 states in part:

"(a) The non-Federal entity must use its own documented procurement procedures which reflect applicable State, local, and tribal laws and regulations, provided that the procurements conform to applicable Federal law and the standards identified in this part. . . .

(j) The non-Federal entity must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to the following: rationale for the method of procurement, selection of contract type, contractor selection or rejection, and the basis for the contract price. . . ."

2 CFR 200.320 states in part:

"The non-Federal Entity must use one of the following methods of procurement. . . .

(b) 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. . . ."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the procurement requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation in noncompliance with the grant agreement and the procurement requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the procurement requirements.

Views of Responsible Officials

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

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

FINDING 2017-013

Subject: Child Nutrition Cluster - Eligibility
Federal Agency: Department of Agriculture
Federal Programs: School Breakfast Program, National School Lunch Program,
Summer Food Service Program for Children
CFDA Numbers: 10.553, 10.555, 10.559
Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17
Pass-Through Entity: Indiana Department of Education
Compliance Requirement: Eligibility
Audit Findings: Material Weakness, Modified Opinion

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-004.

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 Eligibility compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure that all requirements for free and reduced price eligibility were appropriately published. No public release, containing the same information supplied to parents, including both free and reduced price eligibility criteria, was provided to the informational media, the local unemployment office, or to any major employers contemplating large layoffs in the area from which the School Corporation draws its attendance.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

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

7 CFR 245.5(a) states in part:

"After the State agency, or FNSRO where applicable, notifies the local educational agency (as defined in § 245.2) that its criteria for determining the eligibility of children for free and reduced price meals and for free milk have been approved, the local educational agency (as defined in § 245.2) shall publicly announce such criteria . . . The public announcement of such criteria, as a minimum, shall include the following:

- (1) Except as provided in § 245.6(b), a letter or notice and application distributed on or about the beginning of each school year, to the parents of all children in attendance at school. . . .
- (2) On or about the beginning of each school year, a public release, containing the same information supplied to parents, and including both free and reduced price eligibility criteria shall be provided to the informational media, the local unemployment office, and to any major employers contemplating large layoffs in the area from which the school draws its attendance."

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Eligibility compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Eligibility compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Eligibility compliance requirement.

Views of Responsible Officials

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

FINDING 2017-014

Subject: Child Nutrition Cluster - Program Income

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17

Pass-Through Entity: Indiana Department of Education

Compliance Requirement: Program Income

Audit Findings: Material Weakness, Modified Opinion

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

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 Program Income compliance requirement.

The School Corporation had not designed or implemented adequate policies or procedures to ensure compliance with the program income requirements of the grant. During the audit period, the School Corporation did not transfer program income properly. All receipts were deposited into the School Lunch fund (800) and transfers were made at the end of the month to the Prepaid Food fund (8400) to make the Prepaid Food fund reconcile to the subsidiary ledger total of individual student pre-paid account balances.

Context

The lack of controls and noncompliance were systemic issues, which occurred throughout the audit period.

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

7 CFR 210.14(c) states:

Financial assurances. The school food authority shall meet the requirements of the State agency for compliance with § 210.19(a) including any separation of records of nonprofit school food service from records of any other food service which may be operated by the school food authority as provided in paragraph (a) of this section."

Clearing Account Number 8400 - Prepaid Food has been established to account for prepaid food. The collections are to be receipted to 8410 with 8420 representing the transfers out of the clearing account and recognition in the appropriate revenue classifications (1611 to 1614 series) in the School Lunch Fund. The transfer should be made periodically and at the end of each month to appropriately classify meals (breakfast, lunch, etc.) when known (charged by student). (The School Bulletin and Uniform Compliance Guidelines, September 2008)

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Program Income compliance requirement.

Effect

The failure to establish an effective internal control system enabled noncompliance with the grant agreement and the Program Income compliance requirement.

Questioned Costs

There were no questioned costs identified.

Recommendation

We recommended that the School Corporation's management establish controls to ensure compliance with the grant agreement and the Program Income compliance requirement.

Views of Responsible Officials

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

FINDING 2017-015

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

Federal Agency: Department of Agriculture

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

CFDA Numbers: 10.553, 10.555, 10.559

Federal Award Numbers and Years (or Other Identifying Numbers): FY16, FY17

Pass-Through Entity: Indiana Department of Education

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

Audit Finding: Material Weakness

Repeat Finding

This is a repeat finding from the immediately prior audit report. The prior audit finding number was 2015-005.

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 Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Context

The lack of controls was a systemic issue, which occurred throughout the audit period.

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

Criteria

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

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

2 CFR 200.303 states in part:

"The non-Federal entity must:

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

Cause

Management had not developed a system of internal controls that would have ensured compliance with the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Effect

The failure to establish an effective internal control system placed the School Corporation at risk of noncompliance with the grant agreement and the Reporting and Special Tests and Provisions - Verification of Free and Reduced Price Applications (NSLP) compliance requirements.

Questioned Costs

There were no questioned costs identified.

Recommendation

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

Views of Responsible Officials

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

AUDITEE-PREPARED DOCUMENTS

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

New Castle Community School Corporation

Community Education Center, 322 Elliott Avenue, New Castle, IN 47362

Dr. Matthew Shoemaker, Superintendent
Ms. Lisa Smith, Assistant Superintendent
Ms. Sherri Bergum, Director of Curriculum & Elementary Programs
Ms. Megan Bell, Director of Finance



(765) 521-7201
Fax: (765) 521-7268

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-001

Fiscal Year in which the finding initially occurred: FY 2013-14 and FY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Megan Bell, Director of Finance/Treasurer

Contact Phone Number: 765-521-7201

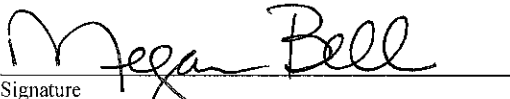
Contact Email: bellm@ncweb.me

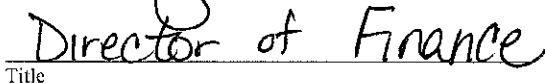
Status of Audit Findings:

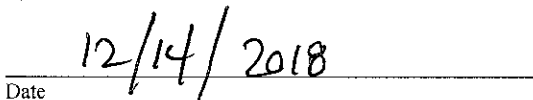
At the conclusion of FY 2016, internal controls were established to prevent, or detect and correct, errors on the Schedule of Expenditures of Federal Awards (SEFA). The Director of Finance prepares the SEFA using actual receipts and expenditures from the Form 9 – Biannual Financial Report.

The Director of Food Service confirms the receipts and expenditures for the National School Lunch, Breakfast, and Summer Program along with any non-cash assistance.

The Special Education Federal Awards are administered by NCCSC for the Special Service Cooperative. At the end of each fiscal year, the Director of Finance prepares a detailed listing of receipts and expenditures for each corporation participating in the Special Service Cooperative. The Special Education Director reviews and approves the receipts and expenditures for each school corporation to include in their respective SEFA reports. The Accounting Secretary reviews the SEFA report for accuracy using the budget and revenue history for all federal funds prior to submission.


Signature


Title


Date

AN EQUAL OPPORTUNITY EMPLOYER

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-002

Fiscal Year in which the finding initially occurred: FY 2013-14 and FY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Megan Bell, Director of Finance/Treasurer

Contact Phone Number: 765-521-7201

Contact Email: bellm@ncweb.me

Status of Audit Findings:

Internal Controls have been in place and followed since July 2016. All federal awards for Special Education (IDEA-Part B) and Special Education – Preschool Grants (IDEA Preschool) are compiled by the Director of Special Education with the assistance of the Director of Finance.

The Director of Special Education provides the Director of Finance and Deputy Treasurer Semi Annual Certifications of employees and contracted employees paid from federal awards. Employees paid from the various federal awards are confirmed by periodic certifications of payroll histories being sent to the Special Education Director for review.

Megan Bell
Signature
Director of Finance
Title
12/14/2018
Date

AN EQUAL OPPORTUNITY EMPLOYER

New Castle Community School Corporation

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FINDING 2015-003

Fiscal Year in which the finding initially occurred: FY 2013-14 and FY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Megan Bell, Director of Finance/Treasurer


Contact Phone Number: 765-521-7201

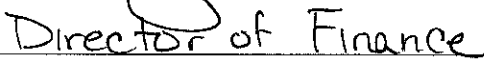
Contact Email: bellm@ncweb.me

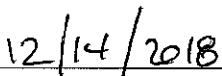
Status of Audit Findings:

Internal Controls have been in place and followed since July 2016. All federal awards for Title I are compiled by the Title I Administrator with the assistance of the Director of Finance.

The Title I Administrator provides the Director of Finance and Deputy Treasurer Semi Annual Certifications listing all employees paid from federal awards. Employees paid from the various federal awards are confirmed by periodic certifications of payroll histories being sent to the building principals for review.



Signature


Title


Date

AN EQUAL OPPORTUNITY EMPLOYER

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-004

Fiscal Year in which the finding initially occurred: FY 2013-14

Pass-Through Entity: Indiana Department of Education

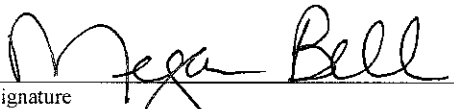
Contact Person Responsible for Corrective Action: Megan Bell, Director of Finance/Treasurer

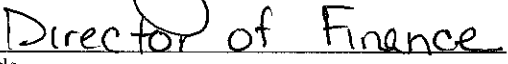
Contact Phone Number: 765-521-7201

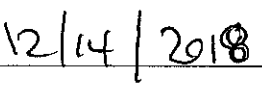
Contact Email: bellm@ncweb.me

Status of Audit Findings:

The corrective action plan was completed by New Castle Community School Corporation in July 2014. Internal controls have been established to ensure all grant files are being retained in compliance with laws, regulations, and provision of the grant agreement.



Signature


Title


Date

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FINDING 2015-005

Fiscal Year in which the finding initially occurred: FY 2013-14 and FY 2014-15

Pass-Through Entity: Indiana Department of Education

Contact Person Responsible for Corrective Action: Food Service Director

Contact Phone Number: 765-521-7201

Contact Email: dorick@ncweb.me

Status of Audit Findings:


The Food Service Director and Director of Finance are working together to fully implement a corrective action plan at the start of 2019.

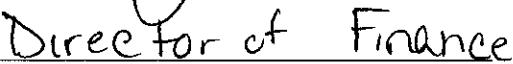
Month-end reports from the POS system are forwarded by the Food Service Director to the Director of Finance on the last day of the month. Starting in August 2017, the reports were reviewed and used to compare collections with bank deposits and reconcile prepaid amounts.

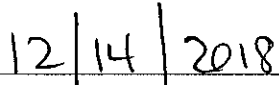
The monthly reimbursement claims are currently prepared by the Food Service Director. Starting in FY 2017, the claims are now reviewed and signed off by the Food Service Secretary.

The Food Service Director currently prepares the annual verification report, and beginning in January 2019 the Food Service Secretary will review the information prior to submission.

After preparing the quarterly and annual financial reports, the Food Service Director sends the report to the Director of Finance to review and approve prior to submission. This was also corrected in FY 2017.



Signature


Title


Date

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FINDING 2017-001

Contact Persons Responsible for Corrective Action:

Chris Lamb, ABE Program Administrator
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

Student incentives are no longer purchased using ABE federal funds. This was corrected in FY 2017. A system of internal controls has been established to include the review and approval of all ABE purchases by the ABE Program Administrator and Director of Finance to ensure compliance with the grant agreements.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.

A handwritten signature in cursive script that reads "Megan Bell".

Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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Ms. Megan Bell, Director of Finance



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FINDING 2017-002

Contact Persons Responsible for Corrective Action:

Chris Lamb, ABE Program Administrator
Megan Bell, Director of Finance


Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding.

Description of Corrective Action Plan:

This compliance requirement is currently not applicable. Effective FY 2018, New Castle Community School Corporation is no longer responsible for passing along federal ABE funds to sub recipients. Instead, federal ABE funds are paid directly to each school corporation by the State. However, if NCCSC were to be the LEA in the future and pass federal funds along to sub recipients, internal controls will be established to ensure proper documentation is obtained to verify status of sub recipients.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-003

Contact Persons Responsible for Corrective Action: Dr. Amy Blake, Special Education Director
Megan Bell, Director of Finance

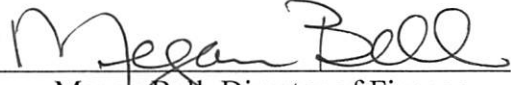
Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. This is a repeat from FY2014 and FY2015 audit, and a corrective action plan was put in place at the conclusion of the June 2016 audit.

Description of Corrective Action Plan:

NCCSC established more effective internal controls in FY 2017 to comply with the grant agreement. The Director of Special Education provides the Director of Finance and Deputy Treasurer semi-annual certifications of employees and contracted employees paid from federal awards to document all employees paid from federal funds. Employees paid from special education grants are confirmed by periodic certifications of payroll histories being sent to the Special Education Director for review to ensure all transactions are allowable costs.

Anticipated Completion Date: Finding was corrected in September 2016.


Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-004

Contact Persons Responsible for Corrective Action:

Dr. Amy Blake, Special Education Director
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. This is a repeat from the FY2014 and FY2015 audit, and a corrective action plan was put in place at the conclusion of the June 2016 audit.

Description of Corrective Action Plan:

NCCSC established more effective internal controls in FY 2017 to comply with the grant agreement. The Director of Special Education provides the Director of Finance and Deputy Treasurer semi-annual certifications of employees and contracted employees paid from federal awards to document all employees paid from federal funds. Employees paid from special education grants are confirmed by periodic certifications of payroll histories being sent to the Special Education Director for review to ensure all transactions are allowable costs. Anticipated Completion Date: Finding was corrected in September 2016.

A handwritten signature in black ink that reads "Megan Bell". The signature is written in a cursive, flowing style.

Megan Bell, Director of Finance
December 20, 2018

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Ms. Lisa Smith, Assistant Superintendent
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Ms. Megan Bell, Director of Finance



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FINDING 2017-005

Contact Persons Responsible for Corrective Action:

Dr. Amy Blake, Special Education Director
Megan Bell, Director of Finance

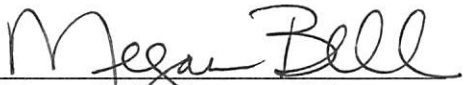
Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system, which will include requirements related to the grant agreement and the Level of Effort compliance requirement. The Level of Effort-Maintenance of Effort is completed by the Director of Finance from the financial records of the school corporation. The report will now be reviewed before submission by the Director of Special Education or designee for accuracy and consistency of categories of expenditures reported.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-006

Contact Persons Responsible for Corrective Action: Jean Ann McAllister, Title I Administrator
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. This is a repeat from the FY2014 and FY2015 audit, and a corrective action plan addressing the Personnel Activity Report was put in place at the conclusion of the June 2016 audit. Additional controls are needed to comply with the Activities Allowed and Allowable Costs compliance requirements and to ensure the accuracy of the Personnel Activity Reports.

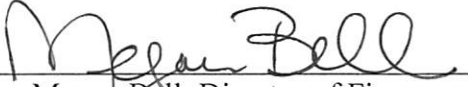
Description of Corrective Action Plan:

NCCSC established more effective internal controls in FY 2017 to comply with the grant agreement. Employees paid from Title I grants are confirmed by periodic certifications of payroll histories being sent to the building principal for review to ensure all transactions are allowable costs.

NCCSC will establish a more effective internal control system to ensure all transactions are allowable and approved by the grant administrator. Title I building principals and secretaries will receive annual communication/training from the grant administrator related to activities allowed and allowable costs, programming, and compliance documentation for Title I. Evidence of training will include attendance records. In addition, any purchase of food items will require pre-approval as part of approved parent involvement activities and must meet the test of parent involvement. Professional development must also demonstrate compliance in benefiting the lowest achieving students through approved strategies.

NCCSC will establish a more effective internal control system, which will include a proper segregation of duties, to ensure the accuracy of Personnel Activity Reports. Semi-annual certifications, listing employees paid strictly from Title I funds, will be compiled at each building twice a year and then reviewed by both the Title I Administrator and the Human Resource Specialist. Reviews will include an internal sign-off document to verify the control is being met. In addition, time and effort logs will be maintained by split-funded employees and compiled at each building. The time and effort logs will be submitted monthly for review by both the Title I Administrator and Human Resource Specialist. Reviews will include an internal sign-off document to verify the control is being met.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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FINDING 2017-007

Contact Persons Responsible for Corrective Action:

Jean Ann McAllister, Title I Administrator
Megan Bell, Director of Finance


Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system which will follow guidelines and meet compliance requirements related to the Annual Report Card/High School Graduation Rate. The building secretary will make every effort to obtain proper documentation related to student withdrawals. If a parent or guardian cannot be located to complete the required withdrawal paperwork, a missing student letter will be mailed to the address on file, and a copy of the letter will be included in the student's perm file. The State Application site will also be utilized to actively search for the student's enrollment in another school corporation in the State of Indiana. Documentation of searches will also be maintained in the student's perm file. If a student is still unable to be located, the school principal or designee must review documentation and sign off to verify all efforts to locate student have been exhausted.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.



Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-008

Contact Persons Responsible for Corrective Action:

Jean Ann McAllister, Title I Administrator
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to include a proper segregation of duties regarding Comparability, Highly Qualified Teachers and Paraprofessionals, and Assessment and System Security.

Comparability reports compiled by the Title I Administrator will be reviewed and signed off by the Human Resource Specialist prior to submission.

Building principals will maintain a list of teachers and instructional assistants identifying whether the individual is highly qualified or not. All building lists will be submitted to the Human Resource Specialist upon completion for review and verification. Within 90 days, the HR Specialist will check to ensure all teachers or instructional assistants are highly qualified. Supporting documentation of an employee's HQ status will be maintained in the employee's personnel file.

Training and education will be given to all staff members related to the Assessment System Security requirements. The Corporation Testing Coordinator, with the assistance of the Support Specialist, will review and verify the signed documentation from all employees. The Corporation Testing Coordinator will notify the Superintendent and/or the Assistant Superintendent of any employees not meeting this requirement. Employees opting not to comply with the Assessment System Security requirement will be disciplined accordingly.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.

A handwritten signature in black ink that reads "Megan Bell".

Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

New Castle Community School Corporation

Community Education Center, 322 Elliott Avenue, New Castle, IN 47362

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FINDING 2017-009

Contact Persons Responsible for Corrective Action:

Jean Ann McAllister, Title I Administrator
Megan Bell, Director of Finance


Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to ensure compliance with the grant agreement and the Eligibility compliance requirement. The Director of Finance will work with the Support Specialist and Student Report Support to determine the differences in the eligibility calculations submitted to DOE with the unit's records. Then going forward, the Title I Director will verify with the Support Specialist the eligibility calculations being submitted to DOE agree with the unit's records using the Real Time report for the corresponding period.

Anticipated Completion Date: Corrective Action Plan was fully implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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Ms. Megan Bell, Director of Finance



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FINDING 2017-010

Contact Persons Responsible for Corrective Action:

Dee Orick, Food Service Director
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. Controls were implemented in FY 2017 and we have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to ensure compliance with the grant agreement and the Cash Management compliance requirement. The Food Service Director currently has a plan in place to spend down the school lunch funds exceeding the 3 months average expenditures. The plan is updated annually based on the current food service balance. The Food Service Director began maintaining a plan during the 2015/2106 school year and the plan was submitted to the IDOE Food and Nutrition Department in November 2017. The Food Service Director will also submit the plan to the Director of Finance quarterly for review.

Anticipated Completion Date: Corrective Action Plan was fully implemented immediately following the conclusion of the audit on December 20, 2018.

A handwritten signature in black ink that reads "Megan Bell".

Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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Ms. Megan Bell, Director of Finance



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FINDING 2017-011

Contact Persons Responsible for Corrective Action:

Dee Orick, Food Service Director
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to ensure compliance with the grant agreement and the Activities Allowed or Unallowed and Allowable Costs/Cost Principles compliance requirements. Semi-annual certifications, listing employees paid strictly from the federal program, will be compiled by the Food Service Director twice a year and then reviewed by the Human Resource Specialist for accuracy. Reviews will include an internal sign-off verifying the control is being met. Employees paid from the Food Service Fund will be confirmed by periodic certifications of payroll histories being sent to the Food Service Director for review to ensure all transactions are allowable costs.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.

A handwritten signature in cursive script that reads "Megan Bell".

Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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FINDING 2017-012

Contact Persons Responsible for Corrective Action:

Dee Orick, Food Service Director
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

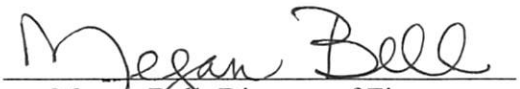
Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to ensure compliance with the grant agreement and the Procurement compliance requirement. The Food Service Director will submit to the Director of Finance a request to purchase for all purchases that qualify as “small purchases” under the procurement plan submitted to the IDOE beginning in school year 2018/2019. The Director of Finance will review the request and supporting documentation required for “small purchases” and sign off that the item does qualify as a “small purchase” before the request to purchase is processed.

In FY 2019, the Food Service Secretary started verifying all vendors providing goods and/or services are in good standing by checking the Sam Exclusions; or collecting a certification from that person; or adding a clause or condition to the covered transaction with that person. The Food Service Director will be the second review of documentation to verify NCCSC is in compliance with 2 CRF 180.300.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

New Castle Community School Corporation

Community Education Center, 322 Elliott Avenue, New Castle, IN 47362

Dr. Matthew Shoemaker, Superintendent
Ms. Lisa Smith, Assistant Superintendent
Ms. Sherri Bergum, Director of Curriculum & Elementary Programs
Ms. Megan Bell, Director of Finance



(765) 521-7201
Fax: (765) 521-7268

FINDING 2017-013

Contact Persons Responsible for Corrective Action:

Dee Orick, Food Service Director
Megan Bell, Director of Finance

Contact Phone Number: 765-521-7201

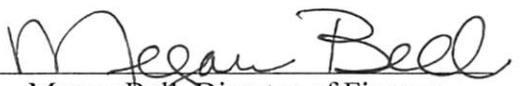
Views of Responsible Official: We concur with the finding and have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to ensure compliance with the grant agreement and the Eligibility compliance requirement. The Food Service Director will provide a public release at the start of each school year to the informational media, the local unemployment office, and to any major employers contemplating large layoffs in the area from which the school draws its attendance. The public release will contain the same information supplied to parents, including both free and reduced price eligibility criteria.

To verify eligibility for the program, the Food Service Director will randomly pull 10% of all paper applications, not previously verified through verification for cause and/or state mandated verification, and confirm the eligibility determination was correct. The number of qualifying applications will be reported along with the number of applications pulled for random verification. The names of all students listed on the application will be included in the report. If more than 2% of the 10% are found to be incorrect, all applications will be pulled and the eligibility determination will be verified. The findings of this verification will be kept with the paper applications qualifying for verification. The Food Service Director has randomly verified applications since the 2014/2015 school year without the findings being retained for documentation purposes. Documentation will begin for the 2018/2019 school year.

Anticipated Completion Date: Corrective Action Plan was implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-014

Contact Persons Responsible for Corrective Action: Dee Orick, Food Service Director
Megan Bell, Director of Finance

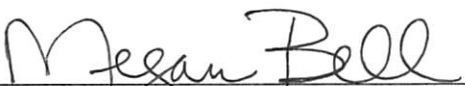
Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. However, this finding was corrected at the start of the 2017/2018 school. Existing controls are included to verify the recommendation has been met.

Description of Corrective Action Plan:

In August 2017, NCCSC established a more effective internal control system to ensure compliance with the grant agreement and the Program Income requirement. A Prepaid Food Fund was established at the end of FY 2015 to account for prepaid food. Starting in July 2017, all food service collections were receipted in the Prepaid Food Fund. Monthly transfers are then made to the School Lunch Fund to appropriately classify the meals charged by students. The Food Service Director sends the Director of Finance subsidiary ledgers at the close of each month to assist in the reconciliation of the Prepaid Food Fund. Beginning in December 2018, the Food Service Director will review and sign off on the Prepaid Food Fund reconciliation prepared monthly by the Director of Finance.

Anticipated Completion Date: Corrective Action Plan was fully implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

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FINDING 2017-015

Contact Persons Responsible for Corrective Action:

Dee Orick, Food Service Director
Megan Bell, Director of Finance


Contact Phone Number: 765-521-7201

Views of Responsible Official: We concur with the finding. Controls were implemented in FY 2018 and we have included additional controls to meet the recommendation.

Description of Corrective Action Plan:

NCCSC will establish a more effective internal control system to include a proper segregation of duties related to Verification of Free and Reduced Meal Price Applications (NSLP) and School Food Accounts. The Food Service Director currently performs the annual verification of free and reduced price applications required by the USDA and IDOE. Beginning in January 2019 the Food Service Secretary will review and verify the information is accurate and complete prior to submission to IDOE for approval. In FY 2017, the Food Service Director began sending the quarterly and annual financial reports to the Director of Finance to review for accuracy and approval prior to submission.

Anticipated Completion Date: Corrective Action Plan was fully implemented immediately following the conclusion of the audit on December 20, 2018.


Megan Bell, Director of Finance
December 20, 2018

AN EQUAL OPPORTUNITY EMPLOYER

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/>.